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Socialist Workers:
The aim is
revolution, page 12

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THE TIMES

TUC backs 12-month pay rule by 2.7m majority

The Trades Union Congress voted by a majority of 2,786,000 yesterday to support the 12-month rule for pay settlements in spite of opposition from the miners, train drivers and transport workers' unions. Mr Len Murray, TUC general secretary, warned pay negotiators that future deals must take into account "the profitability

of the companies your members work in". At a meeting with CBI leaders last night the Chancellor urged industrialists to accelerate plans for new investment. The Government wants evidence of higher investment before deciding on the scope for stimulating the economy. (Business News, page 15.)

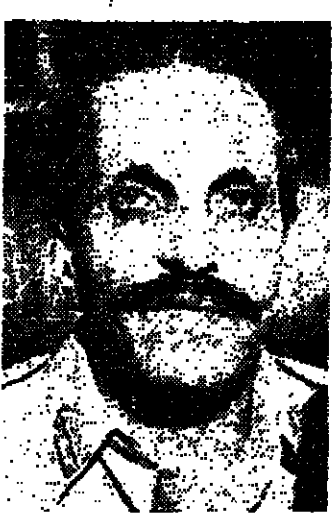
Mr Murray warns unions to study profitability

From Paul Routledge, Labour Editor.
Blackpool.
The Trades Union Congress yesterday pledged itself to observe a limited form of wage restraint that sustains the 12-month gap between pay settlements and asks workers to bear in mind the profitability of their companies.
The policy is not the ideal extension of the social contract originally sought by the Government, but taken with cash limits in the public sector and a firm ministerial line on pay it is likely to put a brake on pay bargaining this winter. However, it is already a target for opposition by shop-floor militants.
Political considerations of support for the Government. The TUC voted by a majority of 2,786,000. The successful compromise resolution calls on the Government to expand the economy and reduce unemployment.
The argument over the best way forward after two years of effective and voluntary TUC-Government income policy showed conflicting strands in the Labour movement: some powerful groups pushing for the abolition of all controls on

The text of the successful resolution on wages and economic policy reads:
This Congress, recognizing the sacrifices and self-restraint shown by workers during the past two years in their commitment to the social contract, instructs the general council to call for an immediate return to free collective bargaining at the end of the second stage of the social contract, with a confirmation of the 12-month rule between principal settlements.
Government action is urgently required if the necessary climate for an orderly return to free collective bargaining is to be established and achieved, requiring further reflation of the economy to reduce unemployment and allow living standards to rise again.
pay, and other union leaders determined to implement the orderly return to voluntary collective bargaining agreed last year.
The Transport and General Workers' Union, which accounted for nearly half the votes cast against the general council's recommendation to call for phase two of the counter-inflation programme, is to review its policy in two weeks' time.
Mr Jack Jones, the union's general secretary, who supported the 12-month rule until he was defeated at his own conference, predicted last night that the TGWU would fall in line with the others. "We have never deviated from endeavour

'Eliminate him' written on intelligence report Murder evidence in Bhutto case

From William Borders, Karachi, Sept 7.
General Zia, head of the Pakistan military Government, says he has seen documentary evidence that he believes implicates Mr Bhutto, the former Prime Minister, in a political murder.
"I have seen it with my own eyes," he said in an interview yesterday. It was a report from intelligence giving the activities of a particular man, he said. In the margin Mr Bhutto had written: "Eliminate him". The man was killed six months or a year later.
General Zia described Mr Bhutto, whom he overthrew in a coup two months ago, as an evil genius who had been running the country on more or less Gestapo lines, misusing funds, blackmailing people.
The general, who was appointed Chief of the Army Staff by Mr Bhutto last year, said he had had no knowledge of what type of leader Mr Bhutto was, but he began to see secret documents and memoranda that convinced him that the former Prime Minister was "Machial" in 1977, the Prince in Pakistan.



General Zia: 'I have seen it with my own eyes'.

Referring to conversations with Mr Bhutto, he said "I told this to the Prime Minister 10 times. I said 'I will not arrest you myself under the martial law, but I will not block any move of your arrest by the court.' So the court wanted him."
The general, a soldier in the British tradition, will court-martial a full moustache, was interviewed in the parlour of his official military residence, a white stone relic of British rule in this old marker city adjacent to Islamabad, the capital.
Asked whether he still intended to hold elections on October 13, yielding power then to a civilian government, he replied: "By jingo, yes, unless the heavens fall, unless a new situation emerges which I have not foreseen and which I do not anticipate. The military government is not the solution for Pakistan. We must have democracy."
He said he thought that it would be impossible for Mr Bhutto's conspiracy trial in Lahore to be completed before the end of the year.
Continued on page 6, col 7

Survey says clergymen get most job satisfaction

By Robin Young, Consumer Affairs Correspondent.
Blessed are the lowly-paid, for they shall be happiest at work. Or so it appears from a survey conducted by Money Which? the consumer magazine, among its readers and published in this month's issue.
Clergymen, who were the lowest-paid category in the survey, showed easily the highest rate of job-satisfaction. No fewer than 53 per cent of them said they were "very satisfied", 10 points clear of their nearest rivals, company directors, farmers and horticulturists.
The most miserable workers in the survey were draughtsmen, only 8 per cent of whom said they were very happy in had an average annual salary of £3,700 at the time of the survey, compared with the clergy's modest stipend averaging £2,500.
The highest paid group, stockbrokers earning about £10,800 a year, scored no more than average satisfaction. An unusually high proportion said that if they were starting their working lives over again they would choose some other occupation.
More than 24,000 readers answered the questionnaire, but it is not suggested that they are a representative sample.
The most important requirement for job satisfaction, the researchers concluded, was the use made of the employees' abilities. Next was interest in the work. Two respondents out of five said their physical working conditions and hours of work were among the three least important things about the job.
People who worked long hours in fact appeared to be more satisfied than the average, and for those who had to travel to work the length and inconvenience of the journey made no difference.
People who worked at home, the self-employed and those working for small or non-profit-making organizations were happier at work, despite longer hours and heavier workloads, whereas employees of large organizations, particularly the nationalized industries, complained more.
But more than half the respondents said they would carry on in their present jobs even if they were to win £250,000 on the football pools.
The report concludes that it is worth studying for professional qualifications. Using one's abilities to the full is more important than a big salary and to stay happy, people should find a vocation and steer clear of the nationalized industries.
Register of hotels: A full hotel registration scheme should be used to publicize British hotels at home and abroad, the September issue of Holiday Which?, published today, says (our Consumer Affairs Correspondent writes).
The magazine criticizes the present English and Scottish tourist board methods of listing hotel accommodation and says they are far from satisfactory.
It calls for a registration scheme similar to that of other countries where hotels are registered and inspected before appearing in official guides.

Beaverbrook chief 'will not bow to anarchy'

Talks in Manchester aimed at resolving the Daily Express dispute ended in deadlock after six hours last night. Mr Jocelyn Stevens, Beaverbrook Newspapers' managing director, said that Mr Victor Matthews, the company's chairman, would not bow to anarchy.
He said the company was prepared to sign out the dispute until the Amalgamated Union of Engineering Workers (AUW) accepted the company's "utterly reasonable" conditions for a return to work by 160 engineering workers.
Mr Stevens said the company would issue a statement to the press for national circulation in Manchester, where the engineering workers had not supported their London colleagues.
"At the moment we have no indication that they will stop work," he said. "We could produce the paper in Manchester quite happily and without any fall in circulation."
The dispute again halted the Daily Express and Evening Standard in London yesterday.
Mr Stevens said after the breakdown of the talks that Mr Matthews had spent a lifetime in industry. "What he finds in this section is unacceptable to him. He finds conditions of anarchy where management is almost prevented from doing its job and he is not prepared to accept it."
The union picked this struggle, the chairman did not. They withdrew their labour on Saturday and stopped the Sunday Express. Therefore you can see it is the union picking the fight.

German silence over kidnappers' demands

From Patricia Clough, Bonn, Sept 7.
The West German Government today drew a curtain of secrecy over its plans to deal with terrorists' demands for the release of 11 prisoners in return for Herr Hanns-Martin Schleyer, the kidnapped head of the West German Industries Federation.
The crisis committee of Government, Opposition and Land leaders met for two hours during the night to debate the question: Can the state release its sworn enemies to save the life of one man? No details of the meeting were disclosed and Government officials refused to answer any questions.
The silence was broken only once, by Herr Karl Schies, the Baden-Württemberg Interior Minister, who confirmed a news agency report that the release of 11 of their colleagues, including the three surviving members of the original Baader-Meinhof group, by 10 am today.
They demanded that the 11 be given DM100,000 (about £25,000) each and that they be flown to a country of their choice. They were to be accompanied by a representative of the United Nations and by Pastor Martin Niemöller, the Protestant clergyman who was imprisoned in wartime concentration camps for his opposition to Hitler.
Another demand, that their conditions and a declaration be read over television last night, was not met. The crisis committee was unable to assemble to discuss the terrorists' letter in time. Government officials appeared greatly annoyed by Herr Schies's disclosures.
As today's 10 am deadline passed, it became clear that the Government was not going to be hurried. The Federal Criminal Office issued three appeals over the radio for proof that Herr Schleyer was still alive.
In the third appeal it told the terrorists to provide a tape recording of Herr Schleyer's voice giving answers to two questions which, presumably, only he would know. One was the nickname of a man called Edgar Obrecht and the other the name of a person described as the "Euler grandchild" and the place where she lives.
There is a possibility that Herr Schleyer could have been fatally wounded in the barrage of machine-gun fire which killed his chauffeur and three men bodyguard when the terrorists attacked his car and carried him off in Cologne on Monday night. No traces of blood, however, were found in the getaway vehicle later discovered in a Cologne garage.
The Cabinet today approved, in its usual Wednesday meeting, a series of anti-terrorist measures. The measures were already under study and are not directly related to the kidnapping.
They include a Bill to speed up trials for serious terrorist crimes by dropping minor charges and by restricting the scope for lawyers to cause long delays with objections and procedural quibbles. The Bill also makes it considerably easier to exclude defendants in criminal activities.
In the meanwhile, the Government is under strong pressure, especially from the right, to take extremely tough measures to stamp out this danger to the state, even at the cost of infringing constitutional rights. The issue will certainly be a severe test of the Government's ability to tackle the problem of terrorism without overstepping the limits of democracy and constitutional law.
The jailed terrorists, meanwhile, were being kept in isolation, forbidden to meet or receive their lawyers, to see newspapers or hear radio and television as a precaution against any possible contact with the kidnappers.
Two people detained yesterday in the course of the search for the kidnappers were released today.
Niemöller profile, page 5

Legal battle over a Rembrandt painting

From Ian Murray, Paris, Sept 7.
A painting believed to be a self-portrait by Rembrandt is at the centre of a legal battle in the Netherlands between a private collector and an art dealer. The picture, painted in 1632, shows a man dressed in dark clothes with a large ruff round his neck. Since last Saturday it has been under legal protection in the vaults of the Crédit Municipal in Maastricht.
It was apparently left to a Mr M. Ange Meert, who decided to sell it. He therefore asked M. Edward Knudde, an art dealer, to authenticate the painting and to sell it. By written agreement M. Knudde was to receive 10 per cent of the selling price.
He approached the Belgian Ministry of Education which made an offer of £735,000. Meanwhile, Mr Meert was approached directly by a member of the Rothschild family with an offer of £1,175,000 and by a Texan who offered £2,350,000.
Mr Meert was delighted with the American offer, and went to the Crédit Municipal to obtain a loan on the strength of it. M. Knudde, worried that he was about to lose his 10 per cent share in the bank's vaults, put under the protection of the Maastricht court.
The court today decided to hand the painting back to M. Meert. M. Knudde has immediately lodged a appeal so the affair will move on to a higher court in Aix-en-Provence.

Hull warders may face prosecution

By Peter Godfrey.
A police inquiry into the alleged riot at Hull prison last summer is expected to lead to criminal prosecutions against some prison officers for alleged assault on inmates.
The results of the inquiry, which included interviews with 300 prisoners and some prison officers who were at Hull at the time of the riot, are likely to go to the Director of Public Prosecutions soon.
Although the inquiry has yet to be concluded, it is thought to contain evidence of wilful violence by a group of prison officers towards the 100 prisoners detained overnight in B wing of the prison after the disturbance had ended. The evidence might provide grounds for court actions for assault, causing grievous bodily harm, and other criminal offences against prison officers who are alleged to have carried out systematic beating of prisoners and to have polluted their food and drink after the riot.
"Our sole purpose in this inquiry is to seek the truth," Det. Supt. Ronald Sagar, who is leading the Humberside police investigation, said. He confirmed that recent reports published by The Times of prisoners at Hull being subjected to violence, abuse and brutality "correspond with the sort of allegations we are investigating."
Reports in The Times, which reflect only the prisoners' version of events after the riot, have consistently traced a pattern of malicious behaviour towards them by some prison officers. According to the prisoners, now dispersed to other jails, their tea and soup were polluted with brine when they returned to cells in B wing on the Friday evening after they had surrendered on condition that they would not be subject to physical reprisals.
In some cases, mattresses and blankets supplied to them are also said to have been soiled. The next morning, it is alleged, each prisoner was taken from his cell and forced to run a gauntlet of prison officers along each side of B wing corridor, about 4ft 6in wide, and many were beaten, goaded, knocked to the ground and kicked. On reaching the breakfast room, some inmates' heads and faces are said to have been daubed with jam and

Continued on page 2, col 1

Sir Eric Miller sued over £55,000 necklace

By Ray Maughan.
Peachey Property Corporation has issued two new writs totalling £65,000 against its former chairman and managing director, Sir Eric Miller.
Through its estate agent subsidiary, Anthony Butler & Partners, Peachey is suing Sir Eric in one action for £55,000. The High Court writ claims that an emerald and diamond necklace was sold by Asprey's, the Mayfair jewellers, to Sir Eric on behalf of Hudley, and that the necklace was sold back to Asprey's for £55,000 two years later. The writ alleges that Sir Eric converted the proceeds for his own use.
The second new writ claims £10,000 which is alleged to have been paid for the racehorse, Princely Chief.

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Mr Johnson tells why he left the Labour Party

Mr. Paul Johnson, former editor of the New Statesman, has explained his resignation from the Labour Party after 24 years' membership. The party has become "a repository of destructive envy and militant failure, and a party of green-eyed monsters," he writes in the New Statesman this week. He blames Mr Callaghan for what he describes as the Labour Party's move from individualism to collectivism.

Owen visit 'cleared air' on Gibraltar issue

Dr Owen, the Foreign Secretary, who flew home from Spain yesterday, said he felt his visit had cleared the air over the Gibraltar issue. The attitude of the Spanish Government had changed from open hostility to "a degree of sensitivity and understanding". Britain would support Spain's application to join the EEC and, if Madrid so wished, Nato as well.

Lord Boyle not to give Reith Lectures

The BBC governors are meeting today to consider an announcement by Lord Boyle of Handsworth, Vice-Chancellor of Leeds University, that he will be unable to deliver this year's Reith Lectures. The series has been postponed to January and will, it is understood, be given by Dr A. B. Halsey, director of social and administrative studies at Oxford.

Derby victor retires

The Minsal, winner of the English and Irish Derbies, has been retired to stud in Maryland in a move to beat any ban America might impose on English horses after the recent outbreak of equine genital disease.

England draw

England's new-look football team, built by England's new-look Liverpool players, Ron Greenwood around Liverpool players, failed to break their old unsuccessful sequence when they drew 0-0 against the little-fancied Swiss at Wembley.

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HOME NEWS

Labour Party calls for a ban on provocative marches

By Peter Evans
Home Affairs Correspondent

Provocative racist marches should be banned, the National Executive Committee of the Labour Party said in an interim statement on the party's relations policy to be presented at its annual conference in Brighton next month.

"They should not be regarded as comparable to other demonstrations," it says. "They are a form of incitement to racial hatred, which is a criminal offence."

The executive also hopes that local authorities will not hire halls and other public buildings to any group that "they have reason to believe incites racial hatred."

The statement notes that the Race Relations Act, 1976, passed by the Public Order Act, 1936, so that it is an offence to stir up hatred against any racial group in Britain, without the need to prove intent.

"Prosecutions can be instituted only with the consent of the Attorney General but it is to be hoped that his consent will be forthcoming whenever appropriate," the executive says.

The present Attorney General, Sir John Gifford, has, however, been foremost in this fight.

The statement criticizes some of the Government's most important policy in the field, expressing disappointment with the Green Paper on British nationality law and regret that the Government appears no longer to expect within the lifetime of the present Parliament to repeal the Immigration Act, 1971. "There is no doubt that the discriminatory nature of Britain's immigration policy has an adverse effect on race relations."

Solicitor and teachers in court after clashes

A solicitor, three teachers and a girl aged 14 were among 55 people who appeared at Camberwell Magistrates' Court, London, yesterday on charges arising from clashes between National Front members, left-wing demonstrators and the police, at Lewisham, London, on August 13.

A nurse and six men were fined and each was bound over for £100 to keep the peace for the next 12 months. Carmel Clark, aged 20, a mental nurse, of Herries Road, Sheffield, admitted using threatening behaviour and having a brick as an offensive weapon. She was fined £50 on each charge.

Police Sergeant Anthony Miller said Miss Clark shouted at National Front marchers, "This is a brick into the road. It bounced and hit a police horse, unseating its rider."

David Strong, aged 24, a student, of Tilley and West, 19, a social worker, of Charles Street, Hanley, Stoke-on-Trent; Edward Pithers, aged 40, an electrician, of Herby Road, Northampton; Nicholas Hall, aged 19, an Oxford University student, of Beaufort Street, Chelsea; John Smith, a bank printer, of Silliness Road, Forest Hill, London; and Michael Bishop, aged 26, a postman, of Belmont Road, Reading, admitted using threatening behaviour.

Mr Strong, Mr Pithers, Mr Hall and Mr Smith were each fined £50. Mr Bishop was fined £75 and Mr Laversuch, £30.

Forty-nine other defendants were remanded to appear at Lambeth Magistrates' Court, and two other defendants were remanded to reappear at Camberwell Magistrates' Court.

A schoolteacher and six other people failed to answer bail and warrants were issued for the arrest of four of them.

High quality roses, despite the rain

By Our Horticultural Correspondent

Last year the drought badly affected the Royal National Rose Society's autumn show; this year growers have been bedeviled by the cold, wet weather. Nevertheless, trade and amateur exhibitors have put on a brave display in the Royal Horticultural Society's New Hall at Westminster.

Although the season is about a fortnight late, the quality of many of the roses is exceptionally high, especially in the amateur class.

There are seven trade exhibitors, all of whom have made a tremendous effort to show as many types of roses as possible and they have achieved excellent results.

Pride of place must go to the large stand of John Mattock which has been awarded the Autumn Roses Challenge Cup for the best exhibit. Mattock's was the championship trophy for the RHS autumn show and the Harry Wilding Cup at the Northern Show and the Lakeland Rose Show—a great achievement.

The exhibit shows the great versatility of the rose and includes every type, from miniature to climbing, in flower and with hips. Among the varieties displayed is 'Dekorat' (raised by Kordes) which produces coral, pale-gold-based blooms on a bushy rose like a shrub but a typical wild rose plant.

Other varieties of note are 'Royal Salute', introduced to overcome the Queen's silver jubilee, which produces double cherry-pink fragrant blooms repeatedly on sturdy little bushes.

Spain Cook, raised by Sam McGredy, variegated floribunda, 'Joy Owen', a fragrant crimson scarlet floribunda, and 'Korressa', a very popular yellow floribunda.

Two climbers to note are 'Dublin Bay', deep red, and 'Schoolgirl', coppery apricot with pink shading, and fragrant.

The Lewis Levy Memorial Cup for the best trade exhibit over 450 sq ft has been won by R. Harkness & Co. Two new floribundas are on show for this year: 'Harry Edmond', which is pink in the bud but opens to lilac, one of the best lilac roses produced for many years, and 'Suzanne', red with yellow centre.

Harkness also have one of the best climbers produced for many years, 'Carmel Clark', with an RT-type flower of pink, very good foliage, and not too rampant.

Another fine climber is 'Bambino', creamy white climber, 'Mandarin', soft coral HT, and 'Grandpa Dickson', elf HT, are looking particularly fine.

Two other roses to note are 'Judy Garland', a fragrant floribunda for sale next year which has yellow petals with orange reverse.

Mr. Storer was awarded the RHS Challenge Cup for the best exhibit over 300 sq ft and not exceeding 450 sq ft. Their exhibit was smaller than intended, because rain damaged so many



Mr Frederick Quinn with his rose, 'Embassy', adjudged the best bloom in the show.

blooms a fortnight ago but the varieties shown are of high quality. 'English Mist', the light pink fragrant floribunda, which won the British Association of Rose Breeders Award, 1977, has been sold out for this year, but just over a coppery orange HT, 'Alpine Sunset', peach-yellow HT, 'Ane Cocker', vermillion floribunda, and 'Whiskey Mac', amber HT, are all looking excellent, particularly the latter, which makes good new flowering stems in the autumn.

The Jubilee Trophy for the best exhibit of 150 sq ft or less went to C. Gregory & Son. Their HTs 'Silver Wedding', creamy white, 'Rose Cheeks', fragrant bright flame and gold, 'Doris yerman', tangerine, and 'Julia', an unusual parchment and copper, were outstanding.

Half Gregory's stand is devoted to miniature roses which grow and flower freely in seven inches of soil, making them ideal for town gardens, window boxes and containers. These include 'Magic Carousel', white and carmine, 'Golden Angel', yellow, 'Bambino', pink, and 'Lavender Lace', lilac.

The amateur rose growers' competitive classes were well attended. Varieties consistently among the winning entries included the HTs 'Admiral Rodney', pink, 'Fred Gibson', amber, 'Red Devil', scarlet, 'Red Lion', crimson, 'Rose Garland', white, 'Grandpa Dickson', white, 'Wendy Cussons', yellow, and the floribundas 'City of Leeds', salmon, 'Dorothy Wheatcroft', bright red, 'Elizabeth of Glamis', light salmon, 'Fred Lead', orange, 'Sea Pearl', pale orange and pink, and 'Megiddo', scarlet.

Hooliganism danger to woman PCs

From Arthur Osman
Birmingham

Hooligans show little respect to the growing number of policewomen than they do to male officers, Mr Philip Knights, Chief Constable of the West Midlands, says in his annual report, published yesterday.

Last year the number of women in the force increased by nearly a third and it was a trend that was likely to continue and would have a significant effect in the future.

But it carried dangers, Mr Knights says. "Firstly, we shall see an increasing number of women in the uniformed police force who cannot be expected in a general way to handle public order matters without at least some support from their male colleagues. Secondly, as women are now parading more, we are likely to see more assaults upon them. There were several instances in 1976 which tended to indicate that little more respect is being shown now by hooligan elements to female police officers than is shown to male officers."

During the year 565 officers were assaulted on duty, an increase of 14 per cent over the previous year; that must be a matter of concern for all.

While overall crime increased by only 2.4 per cent against the rise of over 14 per cent in 1975, there were disturbing factors. Violent crimes showed large increases, with woundings up by 21.4 per cent.

The report takes no account of the violence in the Ladywood by-election last month, which it was suggested had a detrimental effect on police-community relations.

Mr Knights says that on the whole he is satisfied with progress made in that field but "there still remains some sections of the community, particularly groups of young people, who demonstrate a certain alienation to the police and various other forms of authority. In these areas dialogue is extremely difficult which inevitably allows myths to easily circulate."

'No clear evidence that screen violence leads to similar acts by audience'

By Annabel Ferriman

No clear evidence exists to show that violence on the cinema or television screen leads to violent behaviour by members of the audiences, according to a Home Office Research Unit report published today.

Strong emotional responses of fear or disgust might be aroused, however, which, because of their unpleasantness, make a system of classification advisable. Children and young people, in particular, may find such scenes highly distressing.

The report, which reviews extensively research previously undertaken into the effects of screen violence, deals chiefly with the cinema, but contains references to research that has been undertaken in relation to the effects of the portrayal of violence on television.

Much research has involved laboratory experiments in which pieces of film are shown to volunteers and their effects observed. The report suggests, however, that that research is not reliable.

"There is little doubt that violence on film seems able to induce aggressive imitation in young children and a more general state of aggressiveness in both younger and older children, but it (the research) has offered little reason to fear that the same sorts of effects occur outside the highly artificial conditions of the psychological laboratory", it is stated.

Imitative tendencies are thought to be susceptible to a wide variety of influences, which are a good deal stronger in real life than in the laboratory. Moreover, it has been found that over the age of six or seven children are found to need a motivational push, that is, they need to feel angry, before they will readily imitate aggressive behaviour.

For those reasons, Mr Stephen Brody, the author of the report, thinks widespread imitation among audiences cannot be contemplated as a serious threat. Although detractors of the media have pointed to examples where some criminal or antisocial act has been belatedly, often by the culprit, on an example set by the screen, he thinks that cause and effect can rarely be established.

and research suggests that genuine cases are extremely rare.

Other detractors have maintained that although screen violence might not frequently lead to direct imitation, it can trigger off a viewer's own aggressive impulses. Mr Brody states that such a fear "appears to be quite unrealistic. If film violence can occasionally trigger off a violent response it must be a quite unpredictable response and confined to rather unusual individuals."

"The only logical way to avoid any remote danger would be never to show scenes of violence at all, or indeed, if the results of some recent American research are to be believed, not to show any fast-moving or exciting action of any sort."

The report says that increasing numbers of studies outside the laboratory can be interpreted to show that watching aggression between film characters may actually help viewers vicariously to reduce any feelings of tension and hostility they themselves have.

"Whatever the mechanisms concerned, emotional reactions are experienced as real and unpleasant bodily changes and not just as feelings of moral or aesthetic distaste, even though they may be voiced as such. Certainly people should not be subjected without warning to material which distresses or offends them. For that reason, the report comes down in favour of a system of classification."

Screen Violence and Film Censorship by Stephen Brody: (Home Office Research Study No 40, Stationary Office, £2.75).

Plea for survey of TV's good effects

By Kenneth Gostling

Miss Monica Sims, head of BBC television children's programmes, yesterday called for research into the positive effects of television on children. She was commenting on a survey, reported in *The Times* yesterday on the effect of television violence on teenage boys.

"I think it would be a pity if we concentrated only on cutting out violence", she said. "We need to think of much wider issues concerning television and children. There are many positive virtues. I am hoping that some day a social scientist will do some research on the good effects."

Miss Sims was referring to a report by Dr William Belson, reader in research methods at North East London Polytechnic, who on Tuesday told the annual meeting in Birmingham of the British Association for the Advancement of Science that boys who watched a lot of television violence were half as likely again to be seriously violent as those who did not.

Yesterday Dr Belson discussed his survey with senior BBC officials. Sir Geoffrey Jackson, chairman of the BBC's advisory group on the social effects of television, said afterwards that the talks had been useful.

Miss Sims said accounts of Dr Belson's work suggested that much of it was concerned with areas the BBC had been careful about for years. The danger of inciting children was obviously something that was kept in mind. But cutting things out was not always the best answer and it was better to concentrate on the positive aspects.

Miss Sims recalled that when skate-boards were beginning to arrive the Royal Society for the Prevention of Accidents asked the BBC not to show them because of the danger. "For at least a year we didn't", she said. "It did not make the slightest difference to the popularity of skate-boards. Now they are here and we have done programmes discussing the safety angles and the places they can be used."

Leading article, page 13

Paedophilia chairman ejected from love conference

The leader of a group that wants to legalize adult sexual relations with consenting children was escorted from University College, Swansea, yesterday after complaints over his attendance at a conference there on love and attraction.

Mr Thomas O'Carroll, chairman of Paedophile Information Exchange, said: "I am being forcibly ejected from the conference."

I am told that if I resist I shall actually be bodily carried away. I feel this is a sad day for the university."

He said he could not identify the people who forced him to leave the conference. Earlier, lecturers had threatened not to deliver their papers if Mr O'Carroll stayed.

Mr Stewart Hastings, regional organizer for the National Union of Public Employees, said his members at the college would take industrial action if the university authorities or conference organizers failed to take out a court injunction to bar Mr O'Carroll.

Mr O'Carroll said after leaving: "All I want to do is to listen and to learn about various aspects of sexuality and love that are being discussed here. If I am not allowed to do that, this is a pretty poor sort of university."

He said conference delegates were planning to lobby the university principal to allow him to resume attending. He denied that he had been trying to wreck the conference, although he agreed that there was a possibility of trouble because of his presence.

BSI pressed to withdraw quilt standard

By Our Consumer Affairs Correspondent

The British Standards Institution was accused yesterday of giving false confidence to retailers and consumers by promulgating a British Standard for the insulation quality of Continental quilts that could not be verified.

Miss Rosemary McRobert, director of the Retail Trading Standards Association, has asked the institution to withdraw BS 5335, "Manufacturers' statements relating to insulation value cannot be monitored", she said, "because the test method and apparatus are virtually unusable."

The standard, introduced more than a year ago, adopted "tog ratings" as a measure of insulation value. The independent Shirley Research Institute in Manchester had devised experimental equipment for measuring the warmth of quilts in terms of "togs".

The Shirley Institute said the equipment would not be suitable for routine testing. Since then the manufacturer of the sensing devices used in the equipment has ceased production, and it has proved impossible to reproduce the Shirley equipment elsewhere.

Miss McRobert maintains that that makes it impossible to test by manufacturers' claims as to "tog" ratings. Quilts were arriving from sources as far away as China with "tog" numbers quoted on them, and claiming to conform with the British Standard.

The association said it had sent evidence on misdescriptions of Continental quilts to the Office of Fair Trading.

Airgun 'used in ward allegation'

Allegations that an airgun was used to shoot cups off the heads of mentally handicapped patients in a closed ward at Manor Hospital, Epsom, are being investigated by Dr Robin Worters, the medical superintendent, it was disclosed yesterday.

The police are to be told. Surrey health authority said: "No patients have been injured or have complained of ill treatment."



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Wife accused of blackmail plot against husband

Three weeks after her marriage to a wealthy businessman, Mrs Jean Storer became involved in a complicated and ugly blackmail plot to force her husband to part with £20,000, it was alleged at the Central Criminal Court yesterday.

Mrs Storer, aged 48, and four men pleaded not guilty to blackmail charges. She was alleged by the Crown to have been one of the ringleaders.

Mr Kenneth Pollock, for the prosecution, said the conspiracy was hatched while Mr Storer, the managing director of a transport and plant hire company, was awaiting trial at the same court on tax fraud charges which his wife, Irene, was also charged with.

After the first Mrs Storer had pleaded guilty and been fined £500 and given a suspended prison sentence, Mr Storer, who had denied the charges, was acquitted, no evidence being offered by the prosecution.

Mrs Storer's second husband, Mr Storer, had made anonymous telephone calls to the Inland Revenue, alleging that her husband was involved in tax frauds.

Mrs Storer, of Villa Marina, and Dennis Thompson, aged 30, her son by a former marriage, of Highlands Crescent, Kinross, were charged with conspiring with Charles McLean, aged 36, of King's Park Road, and Michael Prude, aged 24, of Cunningham Crescent, Kinross.

Mr McLean also denied stealing £600 from Mr Storer on September 10, and Mr Prude pleaded not guilty to stealing £400 from Mr Storer four days later.

The trial continues today.

'Secret' code authorizes aid with heating bills

A pressure group in Sheffield says it has discovered a "secret" government code that could help people to local authority flats and houses with high heating bills. It is apparently not being implemented by many authorities.

The existence of the code was disclosed yesterday by Mr Martin Pritch, of the Sheffield Right to Fuel Campaign. The campaign has been supporting a hundred residents who moved last September into new council flats in Kent Road, Sheffield, which have electric ceiling heating.

One couple received a bill of £176.32 for 13 weeks' electricity. Twenty tenants have asked for a transfer from the estate because of heating costs.

The government code, circular A230, authorizes local supplementary benefit offices to pay recipients of supplementary benefit for fuel costs above

£3.20 a week. In Sheffield that would give some families on the new estate £3.24 a week.

Last month *The Times* disclosed that families on a new council estate in the London borough of Brent which has electric ceiling heating would have to spend £220 a quarter on heating.

The housing department said that payments to cover heating costs were being discussed with the Department of Health and Social Security.

The Sheffield campaign is urging the council to provide the Kent Road flats with gas-fired group heating.

Aerosol stand backed

The Clean Air Council yesterday supported the Government's view that more research is needed before chlorofluorocarbons (CFCs) in aerosol sprays are banned.

The Council said that while it was in favour of banning CFCs, it was not in favour of banning all aerosols.

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BRITISH ASSOCIATION

Satellite observation yields discoveries on nature of quasars

From Frances Wright and Michael Horne

One of the great unsolved astronomical mysteries is close to being understood. Dr Jonathan Cunniffe, deputy director, Mullard space science laboratory, University College London, suggested in a paper read at the meeting.

He was explaining the importance of observations from orbiting satellites of numerous objects, including quasars (quasistellar objects).

For 20 years they have confounded cosmological theory because it has not been known how these objects generate immense amounts of energy. Characteristically, once described as distant objects, they often lie outside the range of the visible spectrum.

Dr Cunniffe has come with new developments in X-ray astronomy. His paper included a new map of the sky, prepared by astronomers of Leicester University, which showed those sources emitting X-rays discovered up to the middle of this year.

He said investigations being made possible by space vehicles were revealing the existence of unexpected discoveries from X-ray observation. Those radiations were much less penetrating than those used in medical systems and were therefore easily absorbed by small amounts of material. Hence, that form of astronomy could take place only above the atmosphere, using special detectors.

The first satellite devoted to that purpose was launched in November, 1976, named Uhuru.

Dr Cunniffe said that the sub-surface migration of pollutants was slow so that most of the damage caused by hazardous waste had yet to be seen.

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WEST EUROPE

Dr Owen feels air cleared on Gibraltar

From William Chislett

Madrid, Sept 7

Dr Owen, the Foreign Secretary, left Madrid today after a two-day official visit with the feeling that the air has been cleared over the sensitive issue of Gibraltar and that "the best step forward should be (for Spain) to lift the restrictions".

He told a press conference that the atmosphere and attitude of the Spanish Government had changed from open hostility to one with "a degree of sensitivity and understanding which did not exist before and which is the best ingredient for settlement".

He did not come to Spain expecting the restrictions imposed by Spain since 1964 to be lifted as soon as he arrived nor immediately after he left. But now that the two sides understood each other's position more clearly progress could be made towards a satisfactory solution for all concerned.

British support of Spain's application to join the EEC was not subject to a satisfactory solution of the Gibraltar problem. But the restrictions, which he said, were contrary to the Helsinki agreement, were only hindering the otherwise good relations between the two countries.

Gibraltar had been discussed in "detail and depth" but did not dominate the talks with the Foreign Minister, and Señor Suárez, the Prime Minister. Dr Owen had made it very clear that the problem could be solved only with the agreement of the people of Gibraltar.

As the Spanish Government was now facing the problem of minorities, with the issue of autonomy posed by the Basques and Catalans, he felt that there

was a greater awareness of how to tackle these problems. Asked whether he thought that a status of autonomy for Gibraltar would be satisfactory for its people, he said that only the people themselves could answer this. It would depend on how the problem of sovereignty was addressed.

There have been reports that the Spanish Government is discussing the idea of an autonomy statute for Gibraltar.

Dr Owen hoped that the problem would be solved before Spain became a member of the EEC. Although Spain's entry might mean a slight economic disadvantage for Britain, the British Government supported it because of the political benefits of an enlarged democratic

Europe. Britain would also support Spain's application to join Nato if it decided to apply for membership. The Spanish Government has promised a "national debate" on the Nato issue.

Señor Suárez is to visit London on October 19. It is expected that further talks on Gibraltar will be on the agenda. There was no commitment at the moment to start "negotiations" as opposed to "talks" on the issue.

Both sides are now waiting to see who will make the first move. Dr Owen is clearly expecting the Spanish Government to make it by easing the restrictions. A symbolic move could be for Spain to reestablish telephone communications with Gibraltar.

Mr Lumley, whose brother was one of the six terrorists shot dead on the train, said that the two operations had been carefully prepared, down to the point of taking an alarm clock on board the train.

Another defendant, Andreas Luhluma, a schoolboy of 18, was reprimanded during his evidence by Mr Justice F. C. Fiek, the president of the court. Noting that the guns used in the train attack, which were exhibited in the court, were pointing towards a portrait of Queen Juliana, Mr Luhluma said: "They are nicely aimed".

Mr Luhluma said the man holding the train had no intention of carrying out a military operation to kill the hostages. "We were sure the Government would accept our conditions when the schoolchildren were freed. We and the passengers had all packed our bags to leave".

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Dr David Owen and his wife, Deborah, alight from a private jet at Heathrow yesterday after flying in from Madrid.

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OVERSEAS

Political outcry in West Bengal at prospect of concessions by India in Ganges water dispute

From Richard Wigg
Delhi, Sept. 7

The beginning of an agreement reached by Indian and Bangladesh negotiators on one of the most contentious aspects of the long-standing Ganges water dispute is now threatened by a political outcry in West Bengal.

The two countries are due to resume talks in about 10 days' time on how to share out the waters at the driest season of the year, preceding the summer monsoon, and to go on to wider issues if they make progress.

But local political forces and interests in West Bengal, and particularly Calcutta, whose port depends upon receiving waters diverted at the Farakka barrage, situated across the Ganges just before it enters Bangladesh, have begun to voice resistance to any concessions by India.

The Janata Government has been negotiating since it came to power last March with Bangladesh and evidently feels that business could be done with the regime of General Ziaur Rahman. Dacca also clearly sees an advantage in reaching an agreement with the Indian Government in its present mood, remembering how Mrs Gandhi did not proceed as it expected with an earlier understanding.

But the Janata Party leader in the West Bengal state assembly yesterday urged the sending of an all-party delegation to Delhi, to be present during the resumed negotiations and oppose any move to cut back on India's share of 40,000 cubic

feet of water a second flowing through Farakka, even at the driest season.

Janata was actually the last of the local political parties to register opposition. The local Congress Party had already called "on the people of the state to resist" and an important figure in the forward block, one of the constituent groups in West Bengal's Marxist Communist government, had written to Mr Doshi, the Prime Minister, alleging that India's representative in the Farakka talks had reduced India's minimum requirements to 22,000 cubic ft.

When the Prime Minister at his press conference last week said agreement had been reached on short-term sharing at the driest period, a Bangladesh Government spokesman immediately replied that only a verbal understanding had been reached on the quantum of water to be shared for the driest period of all, beginning on April 21.

He emphasized that sharing details had still to be worked out on the basis of 10-day periods through the whole of the dry season and that an understanding had to be reached on the machinery for implementing any agreement. That stretched out a substantial field for negotiation.

It was Mr Jagjivan Ram, the Defence Minister who has been leading for India throughout this year's talks, who really alarmed West Bengal.

Speaking in Calcutta to businessmen 10 days ago, he observed that a total of only 55,000 cubic ft per second flowed through Farakka during

the dry months. "Can Bangladesh agree to taking only 15,000 cubic ft when it needs the water?" he asked pointedly.

The Calcutta Statesman, in a leading article, commented afterwards that either Mr Ram was radically changing the Indian negotiating position—which might, it conceded, be good diplomacy—or previous governments had based themselves on erroneous calculations of water flows. These, it said, had until now put the dry season flows of the Ganges at 65,000 cubic ft, together with a further 25,000 cubic ft of so-called "regenerated discharge."

The Farakka barrage waters go by canal into the Hooghly river above Calcutta. What was once India's leading port has for long risked choking up unless the Hooghly's silt is flushed out with a sufficient and regular volume of water. Bangladesh, which has also made a negotiating pitch for receiving 40,000 cubic ft on the other hand suffers invigilation and navigational difficulties during the dry season. With the monsoons, its problems become those of flooding.

In practice since 1975 the Indians have taken off less water at Farakka than the figures now being debated, though the amounts have not been made public.

The chief stumbling block to what would after all be only the beginning of an extremely complex agreement evidently lies in now putting on paper figures which all the interested parties would accept. And if an agreement was signed there are fears it might not be kept.

Mr Teng tells of setback to US links

Peking, Sept. 7.—Mr Cyrus Vance, the American Secretary of State, did not propose to the Chinese Government during his recent talks in Peking that an American Liaison Office should be set up in Taiwan, an official of the American Liaison Office in Peking said today.

This appeared to be a denial of an important point in a statement reportedly made yesterday by Mr Teng Hsiao-Ping, the Deputy Prime Minister, to the representatives of the American news agency AP visiting Peking.

According to AP, Mr Teng, who had asked that he not be quoted directly, said Mr Vance had proposed the setting up of an American Embassy in Peking and a Liaison Office in Taipei, and that the Chinese Government had rejected the proposal which would have reversed the current position.

The interview was granted to a delegation of AP executives and directors headed by Mr Keith Fuller, the agency's president. It was the first since Mr Teng's return to office.

Mr Teng told them that efforts to normalize diplomatic relations between the United States and China suffered a setback during Mr Vance's visit last month. The talks with Mr Vance represented a retreat from proposals advanced by former President Ford and by Dr Kissinger, the former Secretary of State.

In the course of the interview, Mr Teng asserted that reports of progress resulting from the Vance visit were wrong.

He also stated that Mr Ford promised in December, 1975, that if reelected, he would break off ties with Taiwan and establish diplomatic relations with Peking.

Mr Teng's reported statement about the setting up of a Taiwan Liaison Office had been the only really surprising point in the interview with the American journalists and it caused amazement in diplomatic circles here.

In view of the fact that no official translation of the Teng statement has been available, there is also doubt in American circles here whether the Deputy Prime Minister did in fact use the word "setback" to describe the Sino-American normalization process after Mr Vance's visit.

Despite the nuances that could eventually come to light concerning Mr Teng's blunt declarations, it is felt in diplomatic quarters that he was merely confirming Peking's growing impatience with Washington.—Agence France-Presse.

Black muslims are given life sentences

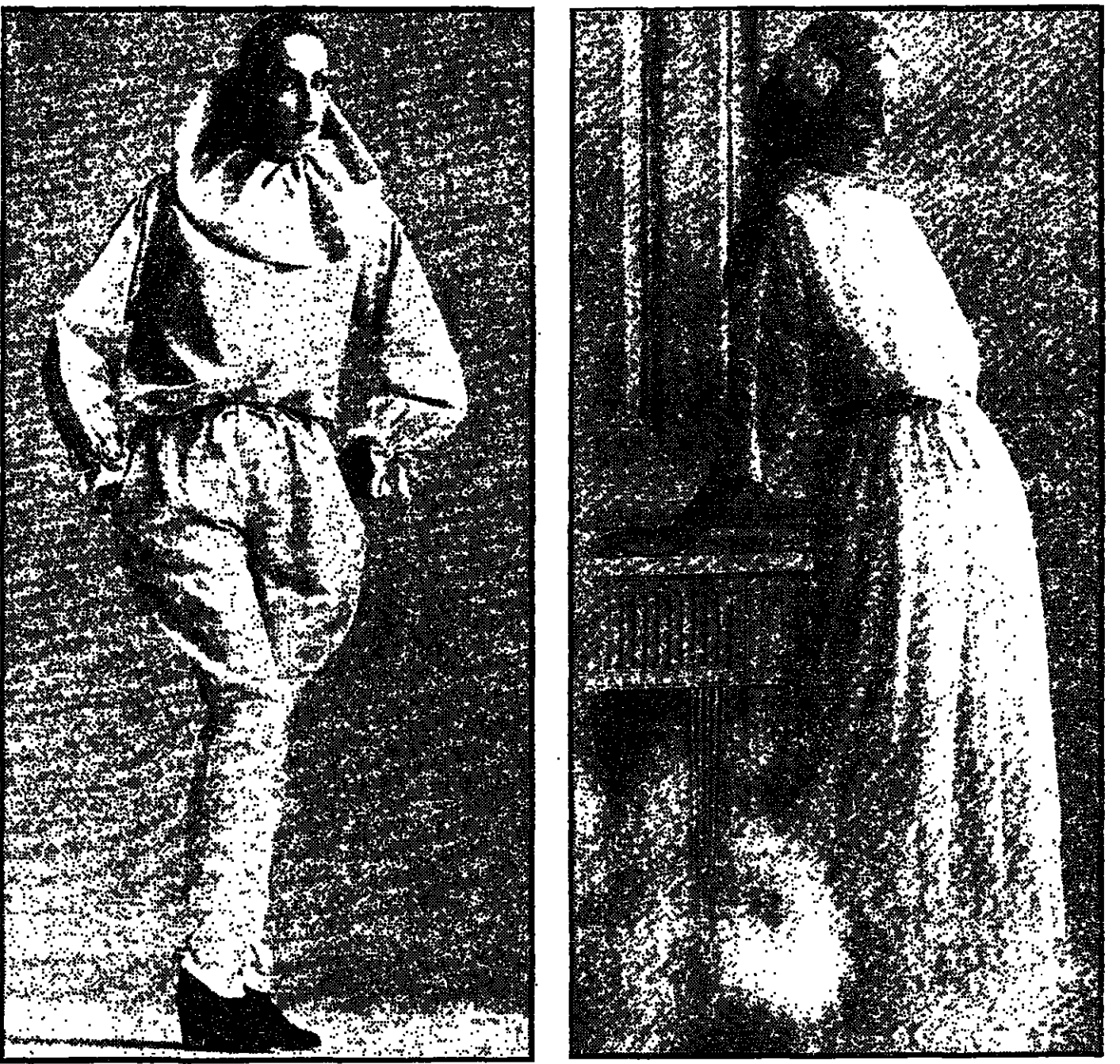
Washington, Sept. 7.—Eleven members of the Black Muslim sect have been imprisoned for terms ranging from 24 years to life for having seized 149 hostages in three buildings in March. The sect's leader, Khalifa Muhammad Abdul Khaalis, was imprisoned for between 41 and 123 years yesterday.

They were convicted in July of storming the headquarters of the Jewish charitable and social organization B'nai B'rith, the Islamic Centre, and Washington City Hall.

They demanded an end to the showing of a film about the life of the Prophet and ordered the authorities to hand over to them several Black Muslims of another sect jailed for having killed a number of Muslims some years ago.—Agence France-Presse.

Fashion

by Prudence Glynn



Top: Soft mohair wraparound coat for day or evening by Sheilagh Brown. £120 at Bombacha. Grey kid gloves, £9.95 from Dickins and Jones.

Above left: Pink moiré jodhpurs, Sheilagh Brown, £48, Bombacha. Pink moiré top with drawstring ruff collar, £60 from Bombacha. Brown suede ankle boots from Bally, Bond Street shops. Photographs by John Swannell.

Above right: Lady Vestey wearing Chloé's lace evening dress, £836 from 173 New Bond Street. Photograph by Robin Laurance. Research by Sandra Barwick.

The new nostalgia is apparently for the seventeenth and eighteenth centuries. The girls wandering round Sainsbury's in tweed caps and jackets, like effete Edwardian squires off to the moors or the golf course, may presently appear in velvet breeches and face patches. The incongruity of country dress in the supermarket is the crux of the matter. If the sixties revelled in the functional, the plastic and the progressive, this decade seems to be rebelling in favour of the romantic, the natural and the nostalgic.

Among many designers whose recent collections bear traces of the eighteenth-century influence are Sheridan Barnett and Sheilagh Brown who design under the label "Jazz". This is only the second collection they have done under their own name (previously they worked for Quorum and Coopers, among others). In it they have avoided descending into fancy dress and historical costume, and attempted to convey a mood of elegance and luxury. The result is entirely original and it illustrates the move towards rich fabrics and softness of colour and cut.

Sheridan Barnett himself sees two conflicting trends in British design at the moment. "There is punk for the aggressively young, deliberately harsh, and this more mature, graceful design as well. But anyone wearing these clothes would turn as many heads as someone punk. Our clothes certainly collect stares because they are so different. You need a strong personality to go through a restaurant dressed in such a distinctive way."

They are loosely cut from extravagant materials, velvet, mohair, silk chiffon and moiré taffeta, as though yards of costly fabrics might provide psychological shelter from economic storms. The colours are gentle—pale yellows, beige-pink, grey-lavender, soft orange. It had been a successful collection, with a lot of publicity, and they are already exporting to America.

The famous French couturier label Chloé would seem as far removed as possible from Sheridan Barnett and Sheilagh Brown, living on talent, hope and a shoestring budget. Despite the disparity, Chloé's designer, Karl Lagerfeld, shows a similar source of inspiration. He has always been known for the beautiful quality of the rare materials he uses, which might go some way towards explaining the height of his prices.

The romance of the ages of Cavaliers

and highwaymen had clearly struck him forcibly in his last collection, although at times he was dangerously near straight copy. The only point at which he (accidentally) approaches the light hearted grotesquerie of Fellini's *Casanova* is in the huge Puss-in-Boots leather and satin boots worn with some of his dresses, resulting in three-inch humps on each thigh whenever the Chloé wearer bends her leg. When he is not simply playing wardrobe mistress, his clothes are soft, feminine, wearable and beautiful in a dreamy way. For the first time a shop entirely devoted to his clothes has opened in Britain, at 173 New Bond Street, W1 (493 6277).

Meanwhile, if your interest in the era has been aroused, there is a small exhibition at the National Gallery of portraits of Queen Charlotte, the almost forgotten wife of George III who was sadly convinced that the nation never took to her because she was not pretty. Caricatured mercilessly during her life for her love of glittering jewelry and her supposed obsession with housewifely tasks, she has the authentic Fellini ring about her. The exhibition, A Royal Subject, is open free of charge until October 2.

Quebec law is defied by parents

From John Best
Ottawa, Sept. 7

Widespread defiance of a recently passed Quebec law restricting the teaching of English marked the reopening of schools in Montreal yesterday.

Pupils whom the provincial Government says should not be taught in English walked in with those officially eligible for teaching in that language. There were no incidents.

The air of normality belied the bitterness and confrontation building up over the new law, which the Government of the predominantly French-speaking province pushed through the Quebec legislature recently.

Under the legislation, the only students eligible to be taught in English are those who were already receiving English-language instruction, those with an older brother or sister in the English-language stream, or those with at least one parent who attended an English-language school in Quebec.

Mr René Lévesque, the provincial Premier, who heads the Parti Québécois Government which wants to lead Quebec eventually out of the Canadian Confederation, has described the registration of ineligible students as "administrative civil disobedience."

He says it will not be tolerated, and has threatened unspecified measures to counter it. These could include a cut-off of the \$1,200 (£636) per pupil Government grant in the case of pupils illegally registered, and withdrawing the of graduation diplomas at the end of the school year.

There is as yet no sign that the Government is prepared to send in the police to remove students from English schools and forcibly transfer them to French schools. Any such action would inflame an already emotionally charged, though outwardly calm, situation.

English-language school boards, Roman Catholic and Protestant, together with principals, teachers and parents are engaged in what amounts to a mass conspiracy to look the other way when it comes to applying the new law.

Family arrested for links with guerrillas

Santiago, Sept. 7.—An Argentine family of five, reported kidnapped in northern Argentina by 12 armed men, is under arrest for alleged links with left-wing guerrillas, the Argentine Army reported last night.

The 52-year-old Alejandro Demare, said his family were "detained" for presumed connections with subversives.

Drought worsens food shortage in SE Asia

From Neil Kelly
Bangkok, Sept. 7

A prolonged drought is causing concern in several regions of South-East Asia.

The rice now falling but for the second successive year they have come late and may be insufficient. Food shortages, already serious in Vietnam, Laos and Cambodia, are expected to widen and grow worse by the end of the year.

Travelers from Laos report that signs of malnutrition are visible in the west of the country, the area most afflicted by the drought. The communist rulers have conceded that the food situation is "disquieting". Urging the people to eat less, the official party newspaper said: "Each grain of rice should be considered as precious as a cartridge in times of war."

The drought is a calamity for Laos which is still suffering from too little rain last year. In addition to foreign trade and aid and a chaotic currency system have produced an economic crisis.

Lao attempts to increase exports and to take foreign aid are being frustrated by Thailand's artificial blockade of their common border.

Both the Vietnamese and Lao communists have admitted that serious mismanagement of agriculture has worsened their situation.

An extraordinary session in June of the Communist Party Central Committee in Hanoi appointed a new Agriculture Minister, and since then the Government has begun enlarging food-growing areas as well as trying to disperse the population from the Red River delta and from Ho Chi Minh City (Saigon).

It is also seeking supplies of foodgrains abroad, either by purchase or as aid. This week

120,000 tonnes of winter wheat was bought in Canada and shipments to Vietnam are to start in October.

Food shortages are reported to be responsible for the recent sharp increase of refugees fleeing north from the south of Vietnam.

In both Thailand and Malaysia rice and other grain production will be below expectations, and perhaps needs this year because of drought in northern Malaysia, for instance, hundreds of square miles of rice died when just beyond the seedling stage.

Artificial rain-making has been tried repeatedly by the Thais in recent weeks but with little success. They have already exported 2 million tons of rice this year and have contracted to export another 300,000 tons by the end of the year.

The worst hit area in Thailand is the north-east, where less fertile land and uncertain rainfall make this the poorest area of the country. It is also the most sensitive politically. Communist insurgency began there 12 years ago and the Government still regards this activity here as the most serious internal threat.

Prospects of reduced income and food in the year ahead for small farmers and for the north-east population generally may produce fresh social and political difficulties.

Thousands of small farmers, unable to farm their parched paddy fields, have flocked into Bangkok in recent weeks in search of work. Since the rain began to fall some have returned home but many have stayed in the capital, where they have little chance of finding jobs or even accommodation.

New Zealand introduces fishing limits

Wellington, Sept. 7.—New Zealand announced today that a 200-mile economic zone would come into force round its shoreline from October 1.

Mr Muldoon, the Prime Minister, told Parliament that the licensing of foreign vessels wanting to fish in the zone would begin on April 1 next year. From next month there would be a total ban on fishing in snapper and tarakihi spawning grounds and limits on total catches in the zone in order to conserve stocks. There were 10 countries interested in fishing the new zone.

Earlier today, Mr Alan McCrea, the Minister of Fisheries, said that New Zealand could not expect to catch every vessel illegally fishing in the zone but must be able to dissuade foreign fishermen from illegal activities.—Renter.

Test-firing in Florida for British Polaris tomorrow

By Henry Stanhope
Defence Correspondent

Britain's improved Polaris missile will be fired in the United States tomorrow, the first in a series of trials which are planned over the next few years. It will be fired from a ground launcher at the Space and Missile Test and Evaluation Centre at Cape Canaveral, Florida. No nuclear warheads will be used.

The trials are part of the Polaris improvement programme which the Government hopes will maintain the ageing system as an effective deterrent until the late 1980s or early 1990s.

Details of the programme are secret. But it is believed to involve increasing the number of warheads on each missile, from three to perhaps six, with the addition of decoy, dummy warheads to confuse enemy defences.

Britain conducted a nuclear test in connection with the programme at the American underground test site in Nevada in 1974. A second test was made in 1976.

A decision to extend the life of Polaris for as long as possible—instead of buying an early successor from the United States was taken by the Conservative Government in 1973 and will be used by the present Government the following year.

The improvement programme is only a temporary measure however. The Government still has to decide what to do when the four submarines armed with the missile near the end of their cost-effective life in the late 1980s and 1990s.

There is also a question mark over the supply of Polaris missiles when the United States begins phasing them out of its own navy in a few years' time.

Ecologists oppose plan for canal in Sudan

Nairobi, Sept. 7.—Plans to construct a canal in southern Sudan have led to a clash between ecologists and advocates of development.

The Jonglei canal, 175 miles long and 32 yards wide, is designed to short-cut the huge loop to the west made by the White Nile between Juba and Malakal. But ecologists argue that while it should bring great economic benefits to Sudan it might have harmful environmental consequences elsewhere in Africa.

The project has been studied on and off since the beginning of the century when Sudan was administered by Britain and Egypt. It was proposed after experts noticed that the waters of the White Nile were being lost in the Sudd marshes.

In 1938 an ambitious project was devised to regularize the White Nile's flow from Lake Victoria through a series of dams. But the Second World War and Sudan's civil war effectively killed the scheme.

Later, a Sudanese-Egyptian study evolved a more modest plan and contracts were signed with two French companies for the work.

For the Sudanese Government the advantages are many. It will recover about 5,000 million cubic metres of water being lost every year, prevent flooding; and it is hoped, turn the canal into a granary. The canal should also create more jobs and improve livestock rearing conditions.

An all-weather road running alongside the canal is also plan-

ned, reviving part of the old British colonial dream of a Cape to Cairo road link.

The canal will cost about £96m to construct and will be financed by Egypt and Sudan with help from the Arab funds for economic and social development and the World Bank.

Ecologists, represented primarily by the Environment Liaison Centre based in Nairobi, do not challenge the concept of the canal but argue that its full consequences on the environment and local populations have not been adequately looked into. They urge that nothing irreversible is done before more research is done.

The canal will affect the lives of 250,000 people in the region, some in permanent settlements, others nomadic. Ecologists see

the end of seasonal flooding with its impact on agriculture and fishing and the canal's dissection of the land as a direct threat to the traditional way of life of the local Dinka, Nuer and Shilluk tribes.

The ecologists also argue that the impact of the canal will not be confined to Sudan. The flow of the Nile's tributaries will also be affected, they claim. The canal could influence evaporation in the Sudd region and consequently rainfall, which is barely adequate for many zones, threatened with encroaching desert.

But Sudan maintains that all the necessary research has been carried out at a cost of £11m and the environmental impact of the canal will be minimal.—Agence France-Presse.

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NEW BOOKS

Three
wars
in one

Wartime

By Milovan Djilas

Translated by Michael B. Petrovich

(Secker & Warburgs, £7.95)

Milovan Djilas lives again through the terrors of Yugoslavia's war that was three wars in one: the enemy occupation, the ghastly civil strife, and—bound up with the civil fighting—the communist revolution. It is a personal story but is so deeply felt and so finely written that it raises in a reader's mind universal questions about the springs of hatred, vengeance, ambition, the urge to kill, and the acceptance of death. How could men and women behave as he describes, and as he did himself?

Djilas opens slowly as he recounts the partisan's first amateurish challenge to the German and Italian invasion and their failure to move after their early defeats. More detailed maps in the book would have helped to straighten out the account of those early months of confusion. But, better on 'when Djilas comes to the main fighting among the high crags, forests and mountain villages.' I can think of no clearer picture of guerrilla life.

It is a story of guerrilla endurance, hunger, comradeship, inner loneliness, and an exhaustion far too great to be borne. Many feelings of fear. Djilas was in the thick of it as one of Tito's chief lieutenants. His worst time was when, in retreat, he had to leave behind many of his wounded men, knowing that they would be murdered by the enemy.

He comes back several times in anguish to the murder of prisoners and the massacre of villagers during the civil war. Even prisoners who were returned to Yugoslavia by the western allies after the main fighting was over were shot.

Who issued the order for this extermination? Who signed the order? I don't know. It is my belief that a writer order did not exist... An atmosphere of revenge prevailed. The Central Committee did not decide that.

In seeking the blame Djilas renews his former warnings 'against the rule of "monolithic ideological revolutions, even though they have roots in idealism and idealists." It is true that the fatal push towards utter mercilessness was given by the Nazi creed on the one side and by the example of Stalinist communism on the other. But in fact older compulsions of behaviour had taken over in a society where memories of ancient feuding were still fresh and where—most decisive of all, I should say—the sheer weight of events broke down the fences of order. The lesson is frightening.

Half way through his book—it is the third volume of his memoirs—Djilas gives a carefully drafted account of one of the most startling and least known episodes of the whole war. In March 1943, between two heavy German offensives, Tito authorized Djilas to negotiate with the German military authorities. Behind the white flag with him went Koca Popovic, later Yugoslav foreign minister, and Vasko Velebit, later ambassador in London. Suddenly the several talks were concerned only with the exchange of a few prisoners. Djilas discloses much more. The Yugoslavs, he writes, were instructed to tell the German command that they regarded Mihailovic's Chetniks as their main enemy; that a cessation of fighting between Tito's men and the Germans 'was to be understood'; and 'we didn't shrink from declarations that we would fight the British if they landed'. Djilas maintains that much of all this was tentative and conjectural. The Germans assessed it differently at the time. According to German military documents quoted by Walter R. Roberts in his *Tito, Mihailovic and the Allies* (Rutger University Press, 1973) the Yugoslavs said outright that they saw no reason to fight the Germans except in self-defence, and they even left a signed document to the Germans that would free them to fight the Chetniks. Djilas himself admits that Tito, by stopping his attacks on the Belgrade-Zagreb railway, met one of the German conditions for a cease-fire. He put his foot down on further talks.

Djilas's first hand account of the very strange encounter is only one of the many chapters that make his book so valuable.

Iverach McDonald



Radiant motherhood, 1926.

Smother love

Marie Stopes

by Ruth Hall

(André Deutsch, £5.95)

'Paul spoke with Christ nineteen hundred years ago. God spoke with me today.' Thus, in June, 1920, Marie Stopes to the Anglican Bishops attending the Lambeth Conference: such conviction of righteousness is given to few, and before we think of God for being so sparing with His direct dealings, we'd better pause to consider just how much worse off we'd be without Dr Stopes and her like. When the redoubtable doctor died, a three-son lorry conveyed her personal papers to the British Museum. She threw nothing away, and some of what survives reveals her as disingenuous, a liar, a manipulator and wrecker of other people's happiness. She wasn't at all a nice lady, but then, no nice lady could have taken on Dr Haldip Sutherland and used the immense publicity resulting from his prosecution for libel to launch the campaign for birth control in the teeth of the opposition.

She was ridiculous, too, with her soppy plays—thinly disguised biography, most of them, such as *Ernest's Immortality* about a young woman who yearns to bear a soldier's son for the sake of the Race—and her truly awful poetry: 'Keith, Keith, Keith, sheepy wood pigeons are calling... she wrote to a young friend, who later became her biographer. Her first was Aylmer Maude, who wrote virtually to her dictation, and lived with her platonically, poor soul, until it suited her to turn him out to make room for her first husband! She wrote *Married Love* when she was still a vir-

gin, after five years of marriage, and her second venture into wedlock was hardly more successful than the first. *Enduring Passion* and a son of whom she was insanely possessive resulted from her union with Humphrey Verdon Roe, a kind shy man who bought her a large house or two, to which she later denied him admittance: 'I cannot cope with you this Friday.' No flowery adjectives softened that communication.

There couldn't be a better subject for a biographer; whatever her failings, she was never dull. Ruth Hall has a proper respect for the lady's brilliance—her researches on coal are still considered a model of their kind—and her courage; she writes with cool but never cheaply dismissive wit, as when Marie offers to confront the striking miners on Lloyd George's behalf:

'Bullies.' Marie wrote, 'are cowards and I won't hurt the creatures at all, but they... are made to listen to me would only be a question of hours before they yield.'

Marie may well have been right in her estimate of the miners' inability to withstand several hours of listening to her.

Rightly though, Ruth Hall has direct condemnation of the nastiest aspects of her flamboyance—Marie thought all half-castes should be sterilised 'for the good of the race', and direct praise for the finally significant insight, even expression in *Married Love*, and finding an echo in many minds and consciences of men as well as women: 'A woman's body and soul should be essentially her own.'

Edward Candy

Brother love

God's Apology

A chronicle of three friends,

By Richard Ingrams

(André Deutsch, £5.50)

Hugh Kingsmill, Hesketh Pearson and Malcolm Muggeridge were friends, and Richard Ingrams has written a book about their friendship. None of them would, probably, justify a full-length biography: Kingsmill never commanded a large readership; Pearson, though always readable, never produced a really masterly biography; Muggeridge, immeasurably the best known of the three, is on the other hand, the scrupulous of his journalism, the structure of the book does not allow him room—or offer him the opportunity—to go into much detail about their lives.

What it does offer is the opportunity for an extended essay on the nature of friendship. Kingsmill and Pearson, and later Muggeridge, shared the kind of passionate friendship exemplified by, say, Tennyson and Hallam, which disappeared almost altogether after 1918. In a way, one is filled with envy: that two men should feel that a day on which they did not meet was a dead day; that one of them should have felt such joy as his friend's 'solid figure loomed up and he began to wave and shout his cheerful

greeting—'Hullo, old man, hello.' 'Never have I seen him' (Muggeridge wrote of Kingsmill 'without a warm rush of happiness. He created this feeling—a delight in the prospect of his physical presence—more strongly than anyone I have ever known').

All this without any overt sign of sexuality. Yet who can doubt after reading of the three friends' fits of giggling, the violent quarrels over nothing, the reliance on each other's approval, the tone if not the language of their letters, that their friendship had a suppressed sexual connotation? This flavour comes across despite Mr Ingrams, and it would have been better if he had tackled it head-on. Of course it does not matter in sense; but the implications should surely not have been left completely unexplored, if only to clarify the apparently unresolvable position of the three wives. How did they feel about the inseparable triumvirate?

Well, we are not told, and in fact Mr Ingrams does not go to the roots of the friendship. His book remains on the superficial level of Kingsmill's remark that 'friends are God's apology for relations', and while it is pleasant and amusing—the author is an extremely good autobiographer, can 'gut' a book adroitly and evaluate it keenly, and tells many good anecdotes well—there can only regret the gaps. The fact that the three friends would undoubtedly think it an admirable book may be the fairest criticism.

Derek Parker

With sweep and vision

The Honourable Schoolboy

By John le Carré

(Hodder & Stoughton, £4.95)

I think it may justly be said that with this book the spy novel comes of age. There have been in the present phase of the art, the phase that sprang from the popularity of James Bond and got into its stride with the reaction of Len Deighton and le Carré himself against that brand of slick nonsense, a fine number of excellent books. But they have, even the best of them, been limited. They have been in essence single point-of-view books, following a single agent or tracing out a single adventure. But now le Carré has produced something on a whole new scale. He has used a spy story—and this is a splendid one in all sorts of ways—to do more than simply spin an exciting tale, more even than to illuminate a particular facet of the human mind, though this does that. He has used it to penetrate a whole world in the way of the great comprehensive novels of the nineteenth century.

It is a big book, and not only in length though it runs to more than 500 pages of meaty print. But the scope is necessary. If le Carré wanted to show the spy ethos, and its implications, he would have had to tell us the story of the whole world. Here is the espionage novel with sweep and vision. Whether the ambitious size of the undertaking is reflected in an equally

ambitious success is another matter. Finally a book's achievement is to stay in the memories of its readers, and a mere reviewer is in the nature of things not able to say definitively whether any work he has only just read has reached this level. But I strongly suspect that in ten years' time, or 20, some time, perhaps many, from this heroically sweeping novel will be there in my mind still.

Certainly many of the obvious qualities needed to attain that distant achievement are present. The book has, to begin with, a serious outward theme, a plot that could happen in today's world and which would be of weight if it did, an opportunity for Western Intelligence to acquire a Philby coming out of hard-to-penetrate Red China. How much better this than the standard mumbo-jumbo about the KGB. And le Carré has done his homework on the largely unknown field with formidable industry. But, notice that his masses of acquired knowledge are put only to fictional use. This is none of your handbooks on elementary espionage masquerading as novels. It is a novel, working in the novel's proper way, by facts sublimated into a consistent fiction. Take one small example from many. There is a description of a storm coming up late Hongkong at night, a short passage but beautifully done. But it is not used to give a quick topographical thrill; it is used to light up a movement in the mind of one of the protagonists.

There are many other

passages of fine descriptive writing, a simple thing like crossing by launch from Hongkong to an outlying islet or a more extended piece following the footsteps of an old 'Nam hand up from the 'frighteningly fluid from him at the Cambodian war. The last novel (Is it one of the things I shall remember in 1997?) of the battle-weary war correspondent, one of those round whom the espionage tentacles curl, a sketch only in length but written with penetrating compassion. And up and down the stretch of the book there are dozens of similar pieces of empathy, creating its large and varied world. Add the gift through all the pages of simple readability, subtract if you must something for the tic of obsequiousness almost everything, from shadows (pavement artists) to journalistic fabrication (typing), and you have a massive fictional feat by any standards.

But one thing more must be said. The book has its inner theme, its particular aspect of existence to light up, gradually emerging. It is the terrible dilemma that espionage as such poses, the dilemma that crouches at its heart and snakes out its tentacles: how is it possible to defend humanity by inhuman ways? How find truth by seeing everything as conspiracy? That finally is what all the 500 pages are about, and its urgent question justifies every one of them.

H. R. F. Keating

Great Granny Webster

By Caroline Blackwood

(Duckworth, £3.95)

Janine

By Philip Callow

(Bodley Head, £3.50)

Chariot of Fire

By E. E. Y. Hales

(Hodder & Stoughton, £3.95)

Caroline Blackwood's new novel describes a family fightback by the wealthy, ungenerous, angular Great Granny Webster whose cavernous brown villa in Rome admits neither sea air nor visitors save (briefly, as a child) the narrator of this book—a person we know merely as the owner of a keenly observing ear and eyes.

Blackwood's method which is not to plot, but to recount. To create, by an accumulation of fine detail, the effect of a family madness whose thread has spun from the dry flesh of Great Granny Webster through her descending stock. The madness varies in kind and degree. In Aunt Lavinia it is an excess of gaiety that extends to her finding the blood in her bathwater so perfectly disgusting a colour her cannot proceed with her suicide—something she brightly elaborates from her white satin covered bed while she paints her nails scarlet. Of more consequence to her than the suicide is the attempt of the psychiatrist to seduce her while looking her down together by a woman with make-up and dirty clotted hospital hair.

Her own mother, Grandmother Dunmattin, spoke elvish in the damp beech woods surrounding the family's Ulster estate. In a sliver nightgown she flared through the house, pants and horse buckles placed to trap rainwater leaking through the ancestral roof while her husband behaved as though all were well and hired three English footmen (their liveries tucked into Wellington boots) to supervise the alternate arrival of the family.

Thus, Jan's brother: 'His large brown eyes were full of hard insolence on top of the misery. He had no intention of being thought weak. He was all exposed nerves and electricity as if he had been skinned alive by the process of growing up.' And this, of a friend of Lowry's: 'He had delved

val of dried pheasant or ham as the table.

Much of this information is gleaned from Tommy Redcliffe, a friend of the narrator's dead father and his reported speech is fashioned with such careful flatness the full horror of the emergent portrait is superbly controlled. All that could become blackly farcical or beyond belief remains credible while locked within the remorselessly steady tone of the prose. And because there is no hint of emotion in the unblinking narrative, the revision that is briefly exposed on the closing page constitutes one of the most terrifying moments in fiction I have encountered in ages.

Some may complain Miss Blackwood's style is that of a highly gifted reporter rather than a novelist, but that is to underestimate both the imaginative quality of her detail and the architectural subtlety with which she builds it into her text. I find her unique and utterly compelling.

Philip Callow's central character, David Lowry (the title is misleading since Janine is neither central nor called Janine, but Jan) is, like Granny Webster, gripped by a silent emotional fury.

Unprepossessing, nearing 50, newly divorced, I could neither like Lowry nor play him. His conversation is so boring, his attitude towards women so petulant or cruel that I could not imagine how a fragile, injured 19-year-old could accept his initial invitation out let alone elect to live with him unless one accepts that the injured are drawn together by a mutual craving for further mutilation. But while the book lacks both event and a necessary inner logic, Philip Callow's writing has a consistently vicious excellence.

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anthology, *Comp-catchers* and *Bandy-baskets* Salgado here draws on the rich variety of Elizabethan sources therein: Jonson, Stow, Dekker, Dee and many less familiar—to recreate an historical panorama peopled with cures, gypsies, coners, players and entertainers, general account, much enlivened by fine woodcuts of the time.

Bess of Hardwick, by David N. Durant (Weidenfeld and Nicolson, £6.95). Hardwick Hall is one of the most magical houses, and Bess of Hardwick (1527-1592) one of the simplest and yet the most beautiful women in all Renaissance Europe. This life of its indescribable builder, much the best documented to date, takes her from marriage to marriage and through to fortune, fighting all the way like the worthy contemporary of Elizabeth I and Catherine de Medici she was. 'By the end of the last century, almost every noble family, including the royal family, had Bess's blood diluted in their veins.' Not bad from a starting capital of £40.

into religion but only briefly. Nothing satisfied him for long. His wife had long ago lost patience with him. They had a short, unyielding marriage, ashy as a wasteland. The children, a boy and a girl, contradicted it, flowering in spite of their parents.'

If Philip Callow intends (and I think he does) to suggest that the union between Jan and Lowry is a hopeful flowering, then he fails, but his skill in depicting the blocks between people, the silences that disturb and must more potently than words, is undeniable. The coldness of portrait he achieves is peculiarly shocking.

By contrast *Chariot of Fire* is a most congenial book that never once elicits the ecstatic goosepimple really good writing (and that includes Mr Callow's) can raise.

E. E. Y. Hales has had a most engaging idea—to send Henry Brock, of British Rail, to the real world, to see the geography of Heaven and Hell is Dante's and its political situation largely that laid down by Milton in his epic poems. A device which both amuses and cunningly frees Mr Hales from any need to re-create the landscape himself (though it must be said he uses his blueprint well).

Henry is consigned to the Second Circle of Hell, the Circle of Romantic Passion which is grandly peopled by such as Dido, Semiramis, Tristan, Isolde and others rather related to their allocation. Only Antony and Cleopatra fret, Cleopatra most especially. Prompted by Henry's professional interest in trains the lobbies him to restore the Limbo Line, the only means they have of escaping their particular Hell and colonizing one or two others. Seton's envoy comes with negotiations of his own. So does Sister Martha, a nun most anxious to transfer a handful of deserting people to Heaven. The whole thing becomes a wild parody of the Civil Service in which Mr Hales spent thirty years.

I was not for one moment, convinced by Henry's ultimate conversion. He is not virtuous material and Heaven will plainly not agree with him, but never mind, the scheme of the book is gleefully pursued and makes for most agreeable reading.

Jacky Gillott

Translations from the
QURAN
by Ali Safi
A new edition of the complete
English translation of the
QURAN
IS
Available from Dillons
Foyles, John Menzies,
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NABOKOV
His Life in Part
ANDREW FIELD

'Easily the best portrait we have,' *Alex de Jonge, Sunday Telegraph*

'The book displays manifest strengths and gifts, such as linguistic flair, literary insight, originality of approach, deep personal involvement.' *Eric Sams, New Statesman*

HAMISH HAMILTON £2.50

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LETTERS TO THE EDITOR

THE TV CUTOFF OF VIOLENCE

Dr William Belson who presented his disturbing report on the effects of television violence on the British Association of Broadcasters yesterday was yesterday's news. It may be noted, Sir, that the report was not only taken seriously by the BBC but by all broadcast in this country partly because the facts revealed are sufficient cause for anxiety also because they confirm common sense suggestions. The report he disclosed in his research, which was by 1971, indicated that boys watch a good deal of television violence are nearly 50% more likely to indulge themselves than boys who automatically switch on television when they get home.

That particular fact suggests that there are causes of violence as television: the boy who on the television screen may be more likely to be a disturbed home but simply to be easily influenced by the violence on television. It is not a simple matter to believe that more programmes, we are in a world in which there is an increase in violence and most of it is in the hands of young people. It is not a simple matter to believe that more programmes, we are in a world in which there is an increase in violence and most of it is in the hands of young people.

others expect of them. Whatever is admitted—and particularly what is regarded as sexually attractive—they will seek to do; and the role played by television in establishing approved patterns of behaviour is familiar enough. There is also the part that television can play in desensitizing people to violence even where it does not positively encourage such conduct.

Both these effects are more likely to occur when the subject matter of the programme seems to be closely related to everyday life. It is significant that Dr Belson found that cartoons and science fiction programmes were among those which had no apparent consequence in encouraging violence. However much one might enjoy *Tom and Jerry* one is hardly likely to be stirred by a spirit of emulation. Science fiction is also likely to seem too fantastic for that—though it can have other harmful effects upon smaller children.

What broadcasters need to beware is the contemporary adventure programme with an emphasis upon apparent, though actually phoney, realism that portrays the hero as a man accomplished in violence. They will soon need to be even more wary of essentially sadistic commercial films that will increasingly become available for television. It is not the role of a public broadcasting service—or indeed of one under public supervision—to be encouraging, even though with no deliberate intent, one of the most ugly social trends of the present day.

BY NO MEANS A SIMPLE SOLDIER

When he took over General Zia ul-Haq early for the Pakistan army since he, unpleasantly, shared the view that it was the country's real masters'—one has been such a representative of Mr Bhutto, the Prime Minister, who has been for the spokesman of a nation in casting his vote for the man who would try to intervene in Pakistan. He has made his own political life, but he has not always pulled in a line. In next month's election he is expected to become the master.

Now that the elections must be held, General Zia's role is a reluctant referee, trying to order in Pakistan's life, has been changed, but by saying that judgements should not be made until the first of several charges of Mr Bhutto's complicity in a political coup came up for hearing in view of Mr Bhutto and he has gone on to say that an "evil on to him as running the country" has been. All this country's side of the Pakistan side of the March elections, which brings him into the political arena. In fully judging Mr Bhutto as he led his party in them. The country is being even before the

elections, to choose between Mr Bhutto and General Zia. The military backers that General Zia had in July may entirely share his view of Mr Bhutto. Quite enough generals have suffered at Mr Bhutto's hands for very few of those who survive to wish to back him. Moreover, Mr Bhutto's one-time political supporters are among those bringing the charges against him alleging political murders. In the process the political base that Mr Bhutto enjoyed last March, even without the aid of rigging at the polls, has been much eroded with resignations from his own party. Does he still enjoy a mass following as his recent tour in the country sought to prove? Can he be extruded from the political scene without damaging agitation? General Zia has made his opinions known with a bluntness that only a general can command. Mr Bhutto may indeed be banished from political life. At the very least he has little prospect of leading his party in the next election. But aside from Mr Bhutto's fall, notice should be taken of General Zia's own political standpoint.

That he has clear intentions in the present gathering crisis need not be doubted. Last week he announced that candidates contesting the elections would be asked to account for all assets acquired since 1970—the year of Mr Bhutto's first success at the polls leading his own Pakistan Peoples Party. This should sharply reduce candidatures and must bring another unwelcome spotlight to bear on Mr Bhutto's affairs. General Zia then went on to say that he hoped political parties would draw up their manifestos in accordance with

Industrial relations and the law

From Mr Alan Campbell, QC
Sir, If chaos in the TUC Conference room, and pitched contests in the streets, are to be avoided, some machinery for the orderly resolution of recognition disputes will have to be devised. It may well be that the wishes and aspirations of the moderate rank and file would support the setting up of a new tribunal of which the members and chairmen were all trade unionists. The decisions of any such tribunal could be referred to the Employment Appeal Tribunal for enforcement, subject to essential safeguards.

The need for constructive consultation is urgent, and it is essential to keep an open mind. In this context the Thatcher/Prior approach in seeking accommodation and a working partnership must be the right approach. For if legislative measures reflect moderate majority opinion among the workers, we are confident that, as has happened before, the kind of factor you mention will be clearly seen as irrelevant to pay bargaining. Our reaction is based upon our conviction that the restoration of pay research, at any price, is simply not acceptable to the independent and fully-effective trade union membership that we represent.

Your earlier report (on September 5) was a better-balanced piece. It drew attention to the chaotic pay bargaining that plagued the Civil Service and successive governments before the Priestley Royal Commission. Since Priestley reported in 1955, pay research has evolved into a disciplined pay negotiating system that has effectively kept the volatile issue of Civil Service pay out of the political arena, and free of lasting industrial strife. Do you advocate a return to the Priestley chaos? If so, then I must point out that memories are woefully short, particularly when governments seem impelled by expediency.

I can, however, assure the Government, your readers and anyone else who wishes to be informed, that our well-ordered and disciplined system of pay bargaining is not restored on the basis of the 1974 Civil Service Pay Agreement, the Civil Service trade unions are fully prepared to face up to the inevitable, and unfortunate consequences.

The blame for the resulting disorder in Civil Service industrial relations will then lie squarely with those, such as your leader writer, who have paddled in these dangerous waters.

Yours faithfully,
W. L. KENDALL,
Secretary-General, British Civil Service National Whitley Council (Staff Side),
19 Rochester Row, SW1.

Fixing the level of clergy stipends

From the Reverend D. W. Perry
Sir, As the question of clerical stipends gets an airing for yet another time, may I draw your readers' attention to the situation which makes the debate now of crucial significance.

Within eight months the time method of paying Anglican clergy will have been revolutionized. As the dioceses take over the parish clergy's stipends, the clergy will be assured whatever (to quote from the Glebe and Endowment Act) and as the endowments of the parishes become the property of the Central Stipends Authority, incumbents throughout the realm will cease to have the security of a living or benefice. Instead they will become salaried workers paid out of the national purse and as the mercy of all the vagaries of diocesan finance.

It is this transition from the freehold possession of the emoluments of a particular benefice to salaried status which is producing the current concern for a negotiating body for the clergy and an awareness that as from April 1978 the conditions of service for clergy will have to be the product of rational decision.

One thing is certain. Clergy will only survive their new stipend status as a recognizable and credible social group if their pay is pegged to some external yardstick such as the three-quarters of the average industrial wage, which has been suggested. Unless the authorities are held firmly to such a comparability scale it is difficult to see how men will continue to offer their lives for the full-time ministry of the church in the way they did for 1000 years under the old glebe and endowment system.

Yours sincerely,
DAVID PERRY,
The Vicarage, Skirlough, Hull, Yorkshire, September 5.

Appointing magistrates

From Sir Thomas Scrivenor
Sir, Mr George Hutchinson (your issue of September 3) may be right in supposing that "Some [JPs] are barely, if at all, respectable and should not have been allowed to sit in judgment on their fellow citizens". If so, the explanation may perhaps be found not in a "larger decline of public standards" but in the form which has to be completed when someone is recommended for appointment to the Bench. One of the questions (I quote from memory) reads:

"What are the candidate's political affiliations? (see note 7)".

Note 7 reads: "A candidate's political affiliations are neither an advantage nor a disadvantage but it is desirable to maintain a balance between the major political parties (my italics)."

If party loyalties have now to be taken into account in appointing magistrates, something is indeed amiss. The implications are much more serious than the possible effects of a handful of "barely respectable appointments" or of any apprehended "larger decline of public standards".

Yours faithfully,
T. V. SCRIVENOR,
Vine Cottage, Minster Lovell, Oxford.

What to drink with haggis

From Mr A. S. O'Connor
Sir, Your distinguished wine correspondent, Pamela Vaidya, writes to me to be stretching the "auld alliance" a bit too far when she recommends the drinking of red wine with haggis (September 3). Surely the haggis nature of this delicacy makes it an unsuitable companion for red, or even dry white wine? When I was brought up in Scotland I was taught that the only drink to have with haggis was the gin and tonic or single malt.

Yours sincerely,
A. S. O'CONNOR,
25 Sheen Park, Richmond, Surrey.

Civil Service pay

From the Secretary-General, Civil Service National Whitley Council (Staff Side)
Sir, Your leader on Civil Service pay (September 6) must surely establish a new standard for *Times* readers. Its lack of objectivity is total, and its inconsistency and bias are clear for all to see.

For example, there is a reference to the "unfair advantage" gained by the public sector employee in remaining on the public sector during the recent incomes policy. May I remind your readers that, under this policy, increments could only be paid if they were demonstrably self-financing. So what "advantage" is there in this respect?

Also, the leader enjoins us to "embrace" in our pay research surveys those "less efficient" firms and professions who employ "less well rewarded" graduates of comparable ability. Do these employers really exist, or is this just a prize piece of gobbledegook?

But where are the facts to support the assertions made? How is it possible to allege that civil servants are overpaid and underworked? What objective comparison of relative pay and workloads have been made to reach this shattering conclusion?

No one doubts that servants to be paid on a merit basis, and that the harsher repercussions of inflation and pay policy? Certainly not those thousands of civil servants facing redundancy under the public expenditure cuts introduced to fight inflation.

On pay comparisons, no facts have been collected since 1974—and a great deal has happened since then. The only way of resolving this careworn argument about Civil Service pay is to restore our pay research procedure, and we are currently pressing the Prime Minister to do this.

I can readily assure you that, in this latter respect, the Civil Service unions are not prepared to accept the restoration of the Civil Service

Treatment of the Kurds

From Mr Kenneth Lee and others
Sir, The Iraqi Ambassador writes (August 27) that it is "very misleading" to state that Kurdish villages have been destroyed by the Iraqi authorities. Significantly, he does not deny that it happened. He also writes that it is "erroneous" to claim that Kurds have been forcibly deported to desert areas.

The facts, however, are that many thousands of Kurds have been expelled from their homes. The huge sums of money being allocated to the region largely go into the construction of military roads and a massive building programme that disregards the wishes and ways of life of the people. Irrigation and industrial development are directed to the areas where Arabs predominate.

Having once denied that there were more than 15,000 Kurds in the central and southern deserts, Baghdad announced on April 4 that 40,000 Kurds were to be returned from this area. Reliable sources estimate that 300,000 Kurds were dispersed, detained or imprisoned there, many of them wives of peshmargas, forced to abandon young children. What is to become of the 250,000 who remain in the south? No one will know.

What we hope for most is that the Iraqi government will find a solution to the Kurdish problem in cooperation with the Kurdish people. We would welcome this, as some of us did the past agreement of 1970. We also hope that such a solution might be advanced by drawing attention to the injustices which are currently being done to the Kurdish people.

Yours faithfully,
KENNETH LEE, Chairman,
STEVEN LUKES, Hon Secretary,
NINA STANCKER, Hon Treasurer,
British-Kurdish Friendship Society,
c/o 64 Millbank, SW1.

Heating by electricity

From Mr Alan Scrivenor
Sir, Having read the report prepared for the Brent Community Law Centre by Miss Pat Reilly's articles of August 15 and 16 on the problems encountered by council tenants in the borough with some disquiet, as they appeared to contain a number of inaccuracies with regard to the heating bills.

We are told that families and pensioners have to spend between £100 and £200 in a winter quarter to heat their homes to minimum standards needed for health. These standards are the consultant's own estimated figures, certainly not those of any official body. Specifically with regard to electric heating, the costs quoted for this of £166 for a one bedroomed flat during the evening only are actually given as £64 in the report. Rather a difference between £64 and the figure Miss Reilly quotes, which not only covers the heating but also other electrical appliances such as television, lighting, water heaters, etc.

It is perhaps to be regretted that nobody checked with either the Electric Heating Bureau, the Electricity Council, the meter board or the cable manufacturers themselves before the report was misrepresented in such a sensational way. At no time does it talk about pensioners going to bed in temperatures below freezing point.

Moreover, contrary to the impression given, many forms of electric central heating, including ceiling heating, have been installed and continue to give satisfaction to many Brent council tenants. It is our belief that the consultant's figure of £98 to heat a flat's living area safely and comfortably for the whole day over a complete year is an acceptable figure.

While a great deal of the report itself was fair, it does contain some omissions. For example, the consultant ignores the fact that when ceiling heating is installed an extra level of insulation is automatically added. Even more fundamental is the admission by the consultant himself that he only visited approximately 20 out of the 750 homes.

On the positive side, the report is to be welcomed if it provides a starting point for the Departments of Energy and Environment to sort out their differences over adequate standards of thermal insulation—at present the people suffering most from this confusion are the consumers.

Yours faithfully,
ALAN SCRIVENOR, Coupled with Central Heating Section, Electric Heating Bureau, 25 North Row, W1.

Air accident inquiries

From the Chief Inspector of Accidents
Sir, I do not believe that Professor Elwyn Edwards, in his reported statement about the inadequacy of the techniques used to investigate aircraft accidents (report, September 6), is being wholly fair or accurate. The relationship between human error and the total environment in which the individual operates is well understood, and we in the Accidents Investigation Branch always try to establish that relationship with each and every accident that we investigate.

Specific investigative techniques to this end are included in our procedures and Professor Edwards is welcome to peruse these. If at any time a clear relationship between the actions of an individual and the total systems environment appears not to have been established in one of our reports, this is not because the investigator is unaware of the possibility that it might exist; it is simply because there was insufficient hard evidence to establish it on that particular occasion.

Yours faithfully,
W. H. TENCH,
Chief Inspector of Accidents, Accidents Investigation Branch, Department of Trade, Sheel Mex House, Strand, WC2.

A case deposit

From Mr Irvine
Sir, I would suggest (Sept. 1) that a deposit of £500 discourage the imbecile from raising the question, "What?"

I have my intention of saving Independent Labour Party, Edge Hill, Liverpool, since so many Labour supporters the appointment of Transport Secretary, and the Labour Party conference, other such matters which are now in Edge Hill as Mr. Irvine.

Yours faithfully,
PETER LARGÉ, Chairman, Silver Jubilee Committee on Improving Access for Disabled People, 14 Birch Way, Warrington, Surrey, August 29.

Teaching English

From the General Secretary of the Association of Recognised English Language Schools
Sir, In his articles about English language schools (The *Times*, August 22 and 23) Ian Brady has some interesting and important points to make. He has tried valiantly to draw a distinction between summer courses and language schools, the latter occupying permanent premises and offering courses throughout the year, mainly for adults. No one is helped by the sort of exaggerated claim, made by one of the foreign based organisations he cites, to be "The No 1 Language School" in a town where it has no permanent premises at all.

For the disabled

From Peter Large
Sir, I have pleased some of ideas to learn from Mr (August 25) that "London intends to make provision new Underground lines for with a considerable degree of physical handicap. But do they know these as Mr. Robbins's Chairman in a recent letter to me, one of the disabled who can use escalators safely?"

It surprises me that new Transport Underground is to cater only for this section of the public. The Tube and Metro is designed to be able to everyone, including wheelchair users, and including people with crutches. I have not heard of any evidence of this being hazardous to them and as for their being a

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Yours faithfully,
ALAN SCRIVENOR, Coupled with Central Heating Section, Electric Heating Bureau, 25 North Row, W1.

Reporting yachts at sea

From Mr Paul Rodgers
Sir, God help the round the world mariners. I am just back from a non-stop singlehanded voyage through the Atlantic.

Unlike the wealthy sailing ship folk, my yacht is small and depends on a single engine coupled with Lloyd's Intelligence Service to report one's position to relations at home.

What to drink with haggis

From Mr A. S. O'Connor
Sir, Your distinguished wine correspondent, Pamela Vaidya, writes to me to be stretching the "auld alliance" a bit too far when she recommends the drinking of red wine with haggis (September 3). Surely the haggis nature of this delicacy makes it an unsuitable companion for red, or even dry white wine? When I was brought up in Scotland I was taught that the only drink to have with haggis was the gin and tonic or single malt.

Yours sincerely,
A. S. O'CONNOR,
25 Sheen Park, Richmond, Surrey.

Air accident inquiries

From the Chief Inspector of Accidents
Sir, I do not believe that Professor Elwyn Edwards, in his reported statement about the inadequacy of the techniques used to investigate aircraft accidents (report, September 6), is being wholly fair or accurate. The relationship between human error and the total environment in which the individual operates is well understood, and we in the Accidents Investigation Branch always try to establish that relationship with each and every accident that we investigate.

Specific investigative techniques to this end are included in our procedures and Professor Edwards is welcome to peruse these. If at any time a clear relationship between the actions of an individual and the total systems environment appears not to have been established in one of our reports, this is not because the investigator is unaware of the possibility that it might exist; it is simply because there was insufficient hard evidence to establish it on that particular occasion.

Yours faithfully,
W. H. TENCH,
Chief Inspector of Accidents, Accidents Investigation Branch, Department of Trade, Sheel Mex House, Strand, WC2.

For the disabled

From Peter Large
Sir, I have pleased some of ideas to learn from Mr (August 25) that "London intends to make provision new Underground lines for with a considerable degree of physical handicap. But do they know these as Mr. Robbins's Chairman in a recent letter to me, one of the disabled who can use escalators safely?"

It surprises me that new Transport Underground is to cater only for this section of the public. The Tube and Metro is designed to be able to everyone, including wheelchair users, and including people with crutches. I have not heard of any evidence of this being hazardous to them and as for their being a

THE TIMES

BUSINESS NEWS

Pay bargaining:
will the TUC
stand up to the
test? page 17

Mr Healey reminds CBI of pledge to boost investments in return for union restraint

By Maurice Corina
Industrial Editor

An appeal for industrialists to accelerate their plans for new investment was made by Mr Healey, Chancellor of the Exchequer, at a working dinner held in private last night with leaders of the Confederation of British Industry.

He apparently laid great stress on the restoration of corporate profitability, lower interest rates, a stronger pound, and the arrival of North Sea oil as reasons for speeding up some CBI initiative.

There is great disappointment in government circles that an expected growth in capital spending has not materialised after the tight rein kept on public spending at the CBI's urging. Mr Healey, who was accompanied by Mr Hattersley, Secretary of State for Prices and Consumer Protection, is understood to have represented strongly that with the TUC vote on the 12-month pay settlements interval, some tangible evidence of higher investment is necessary in weighing up the scope for some stimulus to the economy.

The danger, as seen by the Government, is that trade unionists may not fully respond to restraint if a large propor-

tion of profits, reflected by a buoyant stock market and the flow of food company results, is not ploughed back into industrial expansion at level promised under the economic strategy approved by the International Monetary Fund.

For their part, industrialists stressed that uncertainties over pay and prices policies was one reason for hesitation in some boardrooms. In view of the TUC's new policy, the CBI feels employers will now be in a better position to back the Government's pay policy, whereas some weeks ago it was deeply troubled over the outlook.

First returns from the CBI's new pay data bank indicate the line is being held within government guidelines, even though pay claims for more than two million workers in a range of 20 to 30 per cent have been recorded. The employers promised to stand firm if the Government played its part in the public sector.

Nonetheless, the Government is under strong TUC pressure to push up the rate of investment. While 6 per cent of the national output is unemployed, Capital expenditure in private manufacturing was, together with exports, alloted the

central role by the Chancellor in promoting economic recovery. Mr Healey is conscious in that the expenditure on modernisation has proved much weaker than all surveys had predicted. A rise of 15 to 20 per cent, which had been forecast for 1977, has been revised steadily downwards and the annual rise is now below 3 per cent.

The IMF was assured of substantial new investment in 1977 and 1978. Cuts in rates of public spending were designed to make room for industrial expansion.

Last night's meeting was at the CBI's invitation, and the talks were helped by the Prime Minister's renewed hints of some stimulatory measures tied to a long-term growth strategy. It is thought that the CBI remains cautious about such a package without more evidence that the rate of inflation, which remains very high in international terms, is coming down in a sustainable way.

Nonetheless, the failure of industry to produce an investment boom according to the Chancellor's timetable is an embarrassment when industrialists have apparently established a good working relationship with a Labour Government, and support its general industrial strategy.

Shawcross criticisms on Department of Trade investigations under Companies Acts

By Christopher Wilkins

Lord Shawcross, chairman of the Panel on Takeovers and Mergers, has used his annual report to make serious criticisms of the system under which the Department of Trade inspectors investigate the affairs of companies under the Companies Acts.

Stating that "the statutory machinery under the Companies Acts can, without undue bureaucracy, be made more efficient", he criticises the system on three main grounds.

The first, which was raised in the recent court dispute involving Northwest Holdings and the Department of Trade, is that it is not always obvious, even after the event, why an Inspector is or is not set up in a particular case.

Lord Shawcross also points to the "sometimes inevitable delays in bringing an enquiry,

once established, to its conclusion", noting that the enquiry into the Pergamon affair took eight years.

Thirdly he says there are possible "inherent risks" in the appointment of "unsuitable persons" as inspectors and the occasional tendency of such persons to exceed their powers and give expression to oblique dicta outside their legitimate terms of reference but without any right of appeal.

The Panel's annual report also outlines two important new guidelines, one relating to takeovers and the other to the obligations of financial advisers.

Under the existing Rule 4 of the Takeover Code companies which have received a bid are required to obtain competent independent advice for shareholders.

The Code does not require the offeror company to seek independent advice, but the

Panel is now recommending that in certain circumstances, for instance where there are cross holdings between the two companies and a number of directors common to both companies, independent advisers should be brought in.

The Panel is particularly concerned that such advice should be obtained "where there is an apparent conflict of interest between companies, their boards or their large shareholders". Outside advice is also recommended in the event of a reverse takeover.

At present the new guidelines carry out the status of Panel recommendations but it seems likely that they will be considered for inclusion in the Takeover Code when it is next revised.

After a case last year in which a director of merchant bank N. M. Rothschild was censured in connection with a

bid by Sime Darby for Seaford Amalgamated Rubber, the Panel has now spent out where it considers the prime obligations of a financial adviser lie.

It says that when, during the course of a Panel inquiry, an adviser has reason to doubt the accuracy or completeness of information being provided by his client his overriding duty is to the Panel.

However, if he believes his client intends to mislead the Panel despite his advice and decides to resign, he would not then have any obligations to tell the Panel of his misgivings about his former client.

The Confederation of British Industry, which is represented on the Panel, has supported the need for full disclosure and has accepted that the financial adviser should not be expected to shield a client who was trying to mislead the Panel.

Financial Editor, page 17

Further fall likely in minimum lending rate

By John Whitmore
Financial Correspondent

The Bank of England's minimum lending rate seems set to be reduced further tomorrow with the fifteenth cut in the rate this year.

Although the Bank signalled to the discount market yesterday afternoon that it wishes continued moderation on the interest rate front, this was generally interpreted to mean it is looking for a quarter rather than a half-point cut in MLR, which has stood at 7 per cent since August 12.

A key factor determining the MLR will be the weekly Treasury bill tender on Friday. On the basis of last night's Treasury bill rates of 6 to 6½ per cent, MLR should fall to 6½ per cent this week.

But if rates were to be pushed below 6 per cent as Friday's tender there would be scope for a larger reduction, unless the Bank chose to set MLR independently of market forces.

Renewed downward pressure on Treasury bill rates comes after a fortnight in which the Bank has successfully held rates steady ahead of this week's important TUC votes on pay policy.

With the 12 months rule endorsed yesterday, pressures have been building up in all financial markets and sterling, which had been relatively quiet on Monday and Tuesday, was also reacting to overseas demand yesterday.

A further cut in MLR is bound to increase pressure for reductions in the clearing banks' interest rates. They cut their base rates to 8 per cent after the first reduction in MLR in August (to 7½ per cent) but failed to follow MLR down when it was later lowered to 7 per cent.

While it does seem the banks have been losing lending business as a result of this, they have had to weigh against this the alternative of trimming rates paid to depositors or facing a considerable squeeze on profitability.

The Building Societies Association is unlikely to make any formal decision on society interest rates before its next meeting on September 23.

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NYSE chief in call to resist 'off floor' trading

From Frank Vogl
US Economics Correspondent
Washington, Sept 7

Mr William Batten, chairman of the New York Stock Exchange, is now striving to win support from American stockholders to oppose action by the Securities and Exchange Commission to repeal "off-board trading" rules with effect from January 1, 1978.

In a letter to members of the NYSE, Mr Batten said that this was an issue of "great urgency" and he gave a warning that the proposal would, in effect, drastically alter the way in which stocks were traded and priced.

The proposal would make it possible for brokers to conduct their business from their own offices and no longer make the stock exchanges a key forum. Mr Batten asserted that there were major dangers in this new proposal. He outlined these dangers at great length in a letter to the NYSE members dated August 30, and to members of the New York Exchange.

He said the proposal would see the markets for listed stocks fragmented to the great disadvantage of small investors and small brokerage companies in various parts of the country.

Mr Batten stated that the larger brokerage companies would have a great advantage because of their larger order flow and strong capital position. They would be able to dominate increasingly the brokerage industry and this could lead, in time, to securities business being done by just a handful of very big corporations.

In addition, Mr Batten said investors may find themselves increasingly attracted to "bucket" deals in listed stocks through brokers acting on their behalf and that dealers might only be interested in trading stocks of smaller companies at wider spreads.

UK makers put case for £100m car parts sales in Japan

From Peter Hazelhurst
Tokyo, Sept 7

Britain would expect Japanese car producers to buy up to £100m worth of British car components within the next three years, partly to offset the lopsided trade balance between the two industries, Mr David Plastow, chairman of the British Society of Motor Manufacturers and Traders, said here today.

Mr Plastow and a delegation from SMMT, who met their counterparts in the Japan Automobile Manufacturers Association for consultative talks this week, pointed out that Japan expected to export 120,000 vehicles to the United Kingdom this year while Britain's share of the Japanese market still stood at 3,000 units.

During the talks, JAMA assured the British delegation that Japan would not increase its share of the British car market this year beyond the present self-imposed limit of 10 per cent.

At the same time Japanese car producers pointed out that other foreign manufacturers were increasing their share of the British market.

Reviewing the meeting at a press conference today, Mr Plastow said that the British side did not threaten to adopt unilateral measures to protect Britain's motor industry. But he expressed his concern over the imbalance of trade in motor products between the two nations.

"I cannot honestly say whether Japan's share of the British market will exceed the 10 per cent barrier," he said. "But JAMA appears to be

aware that Japan will promote international protectionism if it damages key industries abroad. "I have expressed my understanding of the difficulties of reconstruction in the British motor industry."

Pointing out that Britain had built up one of the finest motor component industries in the world with a total sales volume of £1,500m, Mr Plastow said sales to Japan were limited to a mere £5m a year.

"This is one area where Japan can help to offset the imbalance. We pointed out that the jobs of a half million people are at stake in the motor industry in the United Kingdom."

"We would like to see Japan purchase between £50m and £100m in motor components within the next three years. We invited a purchasing team to visit Britain early this year, and they have returned with a genuine interest."

Asked whether the British motor industry could compete car components manufacturers or meet the tight delivery schedules of Japanese car producers, Mr Plastow said: "We have established a lucrative market in the United States and I do not see why we cannot do it in Japan."

He admitted that the British components industry had not received any substantial order since the Japanese purchasing team visited the United Kingdom in early spring. "But there is now genuine interest."

"They were impressed by the quality of our components and they have corrected their views on labour unrest."

ECI aid to Bond Worth criticized

One of the principal creditors of the collapsed Bond Worth carpet group yesterday attacked Equity Capital for industry and the institutions which rescued the company, giving renewed confidence to suppliers.

Mr Roger Wake, chairman of Carpets International, said his company was owed £250,000 by Bond Worth distribution subsidiary, Galenborough, although much of that was covered by a general provision for bad debts.

He said he thought the circumstances leading up to the collapse of Bond Worth had been thoroughly unsatisfactory. "Only four months before its

collapse, Equity Capital for industry and institutions had injected a large amount of money into the company, which gave confidence to its suppliers," he said. "The failure of these institutions and ECI properly to assess the situation is, in my opinion, frankly disgraceful."

Mr Wake was reporting CI half-year profits down from £1.7m to £570,000 before tax as a result, largely, of losses in Australia having risen from £230,000 to £1.2m. The dividend is cut from 3.5p gross to 2.5p.

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W German tax cuts agreement in strategy to stimulate economy

From Peter Norman
Bonn, Sept 7

The two West German governing parties today reached an unexpected agreement on a package of tax cuts that will be put to Parliament, possibly next week, as part of a strategy for boosting the German economy and reducing unemployment.

According to government sources in Bonn, who leaked the information, the Social Democrats and the Free Democrats decided on two measures of personal income tax relief that should raise purchasing power by around DM5,670m (about £1,418m) over the next 15 months.

They also agreed to more generous provisions for companies choosing the declining balance method of depreciation on investments made from the beginning of this month. The estimated cost to the finance ministry is around DM1,730m for the first full year of application.

It is claimed that Christmas tax relief should be made more generous so that individuals will benefit by at least DM66

this year, and certain cases up to DM168.

From the beginning of next year the thresholds at which personal income tax applies will be raised. The planned increases, to DM3,510 from DM3,000 for a single person with double the amount for a married couple, should bring individual tax savings over 1978 of DM178 to DM390.

The proposed improvement in the declining balance depreciation provisions to two-and-a-half times from two times existing linear depreciation rules was apparently accepted without much difficulty by the left wings of the Social Democrat and Free Democrat parties.

In their course of the last three weeks' speculation about the Government's eventual tax hand out, it had been feared that such a move, which is intended to stimulate investment, but in the electorate's eyes has become equated with a "tax to the bosses" would founder in the internal party discussions.

Today Dr Armin Gruenewald, the West German government spokesman repeated that formal

decisions would be taken by the Cabinet at its meeting on September 14.

On that day the Cabinet would also decide the details of the 1978 federal budget, a number of energy saving policies and a strengthening of the West German Labour Office apparatus for a more efficient combating of unemployment "on the ground".

The DM7,400m of tax relief agreed in principle today will not, therefore, be the full scale of the government's stimulatory effort. An additional DM2,000m should be channelled into increased public sector investment and into the social services by way of the federal budget.

The big question overhanging the tax cut proposals is whether they will be accepted by the opposition, which controls the Bundestag or upper house of parliament.

Today, a spokesman for the Christian Democrat-Christian Social group in parliament rejected the planned lifting of the tax thresholds as inadequate and demanded a 10 per cent cut in income and corporation taxes from the beginning of October.

TUC pay vote and hope of lower interest rates take shares nearer all-time peak

The FT Ordinary share index moved nearer its best-ever level on the London stock market yesterday. By 2 pm it had added another 11 points and many dealers felt the TUC vote in favour of the 12-month rule on pay might be enough for the "magic" 543.6 to be reached by the end of the session.

In the event equities ran out of steam thereafter, and by the close the index stood at 534.2, a net rise of 8.4 over the session.

In the gilt-edged market indications that the Bank of England might allow the minimum lending rate to drop a quarter point this week was the main impetus behind short-dated rises of three-quarters and gains at the longer end of £1.25.

Financial Editor, page 17

\$100m (about £59m) was taken into the reserves.

The present policy of linking the pound to a basket of currencies rather than to the dollar means that the Government's exchange rate and interest rate policy.

A reprieve of the pound above the high effective rate of 62.3, at which it has remained all this week, is one possibility if the expected further fall in interest rates does not slow down the inflow of money from overseas.

Earlier gains to close unchanged at 26p.

Guardian yesterday blamed a big swing from profits of more than £700,000 into a loss of £4.3m on higher motor claims and further provisions against liability claims.

Meanwhile, Sun Alliance turned an underwriting loss of £900,000 into a surplus of £2.84m, helped largely by an absence of storm damage, although this was partially offset by continuing high subsidence claims.

Loss elimination in the United States market contributed to a reduction to £300,000 in the underwriting loss of £2.1m by Phoenix.

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£25,000 offer to merchant banker

Mr Michael Richardson, who resigned as deputy chairman of Fraser Ansbacher, the merchant bankers last month, is to be offered an "ex gratia" payment of £25,000 in return for his services to the group.

In his report with the annual accounts for the 11 months to March 31, Sir Samuel Goldman, the chairman, says the payment will be proposed at the annual meeting on September 30. Sent out with the accounts is a copy of details of the proposed £2.2m capital injection which will leave the New York international trader, Lissauer group, in control.

Guardian Royal Exchange Assurance

Interim Statement

The Directors have declared an interim dividend in respect of the year 1977, to be paid on the 7th January, 1978, of 4.235p per share (1976, 3.85p per share) which, with the tax credit available to eligible shareholders, is equivalent to 6.416667p per share (1976, 5.923077p per share). On the same date, as already announced, a further payment in respect of 1976 of 0.08079p per share (gross equivalent to 0.122409p per share) in respect of the 1976 dividend will be made in order to give effect to the reduction in the rate of Advance Corporation Tax. These dividends will be paid to holders of ordinary shares whose names appear on the Register on the 21st November, 1977.

The unaudited results for the first half-year are:-

| | First 6 Months 1977 | First 6 Months 1976 | Year 1976 |
|------------------------------|---------------------|---------------------|-----------|
| Premiums Written | 312.5 | 270.0 | 560.7 |
| Fire, Accident and Marine | 31.3 | 24.2 | 58.5 |
| Investment Income | 3.3 | 3.2 | 6.7 |
| Less: Interest Paid | 28.0 | 21.0 | 51.8 |
| Profits | | | |
| Long-term | 2.6 | 2.3 | 5.5 |
| Short-term (loss) | (4.3) | 0.7 | 3.8 |
| Profit before taxation | 26.3 | 24.0 | 61.1 |
| Less Taxation and Minorities | 13.0 | 11.2 | 29.8 |
| Profit after taxation | 13.3 | 12.8 | 31.3 |
| Dividend Cost | | | |
| Preference | 0.1 | 0.1 | 0.2 |
| Ordinary | 5.3 | 4.8 | 11.5 |
| | 5.4 | 4.9 | 11.7 |

Exchange Rates—

Germany 4.05 4.57 4.01

Canada 1.83 1.72 1.72

Australia 1.55 1.44 1.56

The Ordinary Dividend cost for 1976 has been adjusted to reflect the supplementary dividend referred to above.

Investment Income for the period has developed well but short-term underwriting profits have been adversely affected by an increase in the frequency of Home Motor claims and from further subsidence claims. Canada and Australia have had excellent results but the underwriting profit from Canada has been excluded because of the uncertainties of the regulations set up by the Anti-Inflation Board there. Results in Germany and Holland continue to be very disappointing. Elsewhere overseas underwriting results have been variable with particularly good figures from Brazil and Hong Kong whilst France and Spain have been unprofitable.

Conditions in the Marine and Aviation market in the U.K. continue to give little hope of a worthwhile profit but when the overseas subsidiaries are included it is hoped the account will be not unsatisfactory overall.

Life profits are increasing and new business figures are:-

| | First 6 Months 1977 | First 6 Months 1976 | Year 1976 |
|-------------------------|---------------------|---------------------|-----------|
| New Sums Assured | 1,284.4 | 1,089.2 | 2,420.8 |
| New Annuities per annum | 22.8 | 26.1 | 51.8 |
| New Annual Premiums | 18.3 | 17.5 | 37.8 |
| New Single Premiums | 11.9 | 6.6 | 19.0 |

Guardian Royal Exchange Assurance
Royal Exchange, London EC3V 3LS

How the markets moved

The Times Index: 217.03 +2.70
The FT index: 534.2 +8.4

Rises

| | |
|----------------|------------|
| AAH | 18p to 20p |
| Beaumont Prop | 11p to 12p |
| Bradford Prop | 16p to 18p |
| Costain | 76p to 80p |
| Douglas RM | 26p to 28p |
| Estates Prop | 10p to 11p |
| GKN | 5p to 5½p |
| Goldhall | 10p to 11p |
| Huntington | 12p to 13p |
| Long Chd | 5p to 5½p |
| Lane Prop | 18p to 20p |
| Lon March Sess | 41p to 43p |

Falls

| | |
|-------------|------------|
| Brit Sugar | 10p to 9½p |
| Dewhurst TJ | 5p to 4½p |

Equities gained more ground. Gilt-edged securities were in demand. The pound rose 8.4 points to 534.2. The FT index rose 8.4 points to 534.2. The pound rose 8.4 points to 534.2. The FT index rose 8.4 points to 534.2.

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Approval for BP to start drilling in Buchan field

By Our Industrial Correspondent

BP was yesterday given permission to start developing the Buchan oilfield, about 90 miles north-east of Aberdeen. The Department of Energy has told the company it has approved the drilling of a single development well, a source of some disappointment to BP, which had sought consent to drill five wells.

The drilling rig, Deep Sea Saga, is expected at the field today and is scheduled to "spud in" the first well by the end of the week.

Last night the company said it had not yet decided whether or not the field would be exploited through a fixed production platform. Buchan lies in block 2/1 and is a small field compared with the Brent and Forties fields.

Various estimates have been made of the field's production potential ranging from reserves of 115 million to 250 million barrels. Peak production could be between 50,000 and 100,000 barrels daily.

BP became involved in the field development in June after its acquisition of a controlling interest from three smaller companies.

Amoco's Celtic move: The ninth well in the United Kingdom sector of the Celtic Sea has just been completed by Amoco UK Exploration. The rig, Chris Cheney, is preparing to move off the location on block 93/6 to another drilling target, understood to be offshore Spain.

No announcement has yet been made by Amoco on the results of 93/6-1. The company's second wellbore in the United Kingdom Celtic Sea. But the presence of 7-inch well casing, run into the supply base at Pembroke Dock and kept standing by the rig aboard a supply ship, raised speculation in some quarters that Amoco may have thought a testing programme was in prospect before the hole reached its total depth.

IMI titanium chief calls for action to combat American protectionism

By Clifford Webb

Dr Tom Farthing, managing director of IMI Titanium, Europe's largest and Britain's only producer of titanium, yesterday launched the sharpest attack yet on "American protectionism which excludes all imported titanium from the vast United States military aerospace market".

He said that allied with Japanese dumping in Europe it constituted a serious threat to a key British industry at a time when worldwide titanium demand was depressed.

Strong representations had been made by IMI to the British Government and the European Commission in Brussels but they had replied that the whole question of trade barriers would have to wait for a review to be undertaken at the next round of talks by the General Agreement on Tariffs and in Geneva this autumn.

Co-op signs £4m contract for ICL equipment

By Kenneth Owen, Technology Correspondent

As part of the Co-operative Wholesale Society's plan to build a national computer network, a £4m contract was signed in Manchester yesterday with International Computers, Britain's main computer manufacturer.

This is the largest single commercial order yet obtained by ICL. It includes three medium-size Model 2960 central computers, 40 terminal systems and 30 small "transaction" computers.

It brings to £5m the orders placed by the CWS with ICL over the past 18 months. The society has standardized on ICL equipment for its five regional computing centres.

The three Model 2960 computers (for delivery in 1979) will be installed at the society's computer group headquarters in Manchester.

"It is my fear, however, that Britain's titanium interests will be traded off against some other allegedly more important product," Dr Farthing said.

"Superficially it is easy to discount us as a small employer—only 930 people in the whole of IMI Titanium, and a turnover of £20m—but we also have a vital strategic role which stretches from aerospace to chemicals and power generation."

He said the need to protect this strategic role of the American industry had produced a special Act of Congress which laid down that military aerospace projects should only use United States titanium. In addition there was a blanket 18 per cent tariff barrier against foreign titanium.

The combination effectively excluded imports while one "softer approach", an 8 per

cent tariff in Europe, permitted American companies to range at will in our markets.

"It goes against the grain for me to say it but I am now of the view that Europe should itself take protectionist measures if only as a bargaining tool to open markets," Dr Farthing asserted. He was speaking at the opening of a new automatic tube welding line at Wauwilerdydd, South Wales.

IMI is the world's biggest manufacturer of seamless titanium tube but the trend is increasingly towards the cheaper welded tube. Already the new facility has enabled the company to win the largest contract for seam welded titanium tube ever placed in the United Kingdom. The Central Electricity Generating Board has ordered 150 miles of corrosion-resistant tubing for its Tiltbury B power station.

ICI assesses damage to dyestuffs plant after blast

By Peter Hill, Executives of ICI and officials of the Health and Safety Executive of the Department of Employment were last night investigating the cause of an explosion at the dyestuff producing plant at the ICI complex at Grangemouth, on the Firth of Forth.

The explosion which occurred early yesterday caused thousands of pounds worth of damage and led to the shut down of the dye-producing section of the plant. Most of its capacity is exported.

The blast occurred in a vessel used in the production of dyestuff intermediates which go to the textile industry for the colouring of cellulose fabrics.

Three fire stations were called in to deal with the explosion. Police blocked off the main link road from Grangemouth docks to the M9 motorway which lies alongside the plant.

About 100 workers are employed at the plant but no one was injured during the shutdown.

ICI manufactures the dyestuff at two locations, notably Trafford Park, Manchester, and at a plant in Brazil. This type of dyestuff was introduced in 1956 and represented a breakthrough in dyestuff technology.

Despite the textile recession ICI has developed markets in the Middle and Far East for the reactive dyes.

According to the company about 80 per cent of the reactive dyestuff production from the two plants in the United Kingdom is exported. Last night ICI was assessing the damage caused by the Grangemouth shutdown could be met. Last year it exported a total of £451m worth of organic chemicals, and most of the exports were dyestuffs.

A spokesman for ICI said that it was not possible yet to estimate the full cost of the damage.

In brief Four power stations to vote on new stoppage

Strikers at Eggborough power stations in Yorkshire yesterday decide to impose a work-to-rule and overtime ban at the end of their ineffectual 48-hour strike last night. Four other stations: Ferrybridge C, Thorpe Marsh and Skelton Grange and Drax will vote today on the issue.

The other 35 power stations which joined the stoppage will be invited to follow the Yorkshire lead.

A spokesman for the strike committee said last night: "The band will remain in force until September 24 when a national conference of shop stewards from all power stations will review the position."

The electricity supply was sharply reduced during the stoppage, an Electricity Council spokesman said last night.

£12m Royal Navy order for Plessey

Plessey of Ilford has received a further order, worth more than £12m, from the Ministry of Defence to supply shipborne VHF/UHF communications systems—type 1203 (Plessey FV2 1730)—to the Royal Navy.

The order includes transmitters, remote control equipment and spare modules to facilitate on-board maintenance.

After trials, the 1203 was accepted into service with the Navy last year, when its performance and reliability exceeded expectations.

Similar equipment has been sold in large quantities to overseas navies.

Safety check on Shell's gas pipeline project

A hazard evaluation of Shell's proposed 126-mile natural gas liquids pipeline from St Fergus to Life is to be undertaken by the Government's Health and Safety Executive.

The project is expected to be supported by a grant from the Government, from which approval is now being sought.

Bowater investment

Bowater Corporation is to spend £9m on capital equipment for the conversion of a paper recycling machine, which formerly manufactured newsprint, at the Kemsley mill in Kent.

The project is expected to be supported by a grant from the Government, from which approval is now being sought.

LETTERS TO THE EDITOR

UK's delivery record puts export push in jeopardy

From Mr H. C. Hammond

Sir, I was very surprised, recently, to read in the economic reports of the NIESR and Phillips and Drew that these experts are advocating a fall in sterling exchange rates so as to create additional demand for exports and jobs.

Here in Denmark we have been seeing, for some years, that United Kingdom supplies of engineering goods and consumer durable products, like cars, are cheaper than competitive products from, for example, West Germany, the United States and Sweden.

But Danish businessmen are wary of buying more goods from Britain because when your factory or transport union stop work the situation very quickly upsets Danish factories which are relying upon supplies from the United Kingdom. Therefore, Danish businessmen continue to buy some goods from other countries, even if the prices are higher, which offer reliable deliveries.

Many countries, today, are suffering from unemployment and lack of demand and from inflation. Here in Denmark, for example, unemployment exceeds 10 per cent. It appears to me, that the way for the United Kingdom to overcome and to make a contribution to solving the general unemployment difficulties is to stop strikes and improve deliveries and consignments controls. In this way the United Kingdom is not taking a bigger slice of the cake—which is the target of lower sterling exchange rates—but enabling the industrial world to build a bigger cake in which all can share.

Unions in the United Kingdom are seeking higher living standards. How can they reconcile this objective with lower sterling values?

Yours faithfully,
H. C. HAMMOND,
Haverup,
DK-4180 Sorø,
Denmark.
September 1.

Worth of secret ballots in labour disputes

From Mr M. H. Waley-Cohen

Sir, if ever there was a lesson to be learnt surely the recent switch from 50 to 1 for striking to an alleged only two to one at Leyland underlines the essential need for there to be provided a means of secret ballot supervised and organised by central government on a mobile basis, i.e., caravan or lorry, by which no body of men may go on strike or continue or desert from striking without registering a vote for whatever they want to do in this conveyance.

It requires great courage, even within 25 people to put up your hand contrary to the general run of wishes often put to the voter in such a manner as to be almost menacing if he should vote to the contrary. A secret ballot would have none of these disadvantages and all the advantages of enabling people to vote secretly just as at local and central government elections.

Yours faithfully,
M. H. WALEY-COHEN,
Higher Thorne,
Exford, TA24 9QB
Minehead,
Somerset

Grunwick

From Mr Stephen Eyres

Sir, it is a matter of some regret that your Business Diary Editor (Times, August 23) should have associated the problems of Grunwick Processing with those of the North Carolina textile company, J. P. Stevens.

Union recognition by the management has certainly been refused by both companies but, contrary to experience at J. P. Stevens, Grunwick employees have consistently and overwhelmingly voted against union recognition.

Weller has Grunwick, unlike J. P. Stevens, been found guilty of the equivalent of "unfair practices" or paid out large sums in fines.

This diary piece has done its bit in adding to public confusion over the facts in the Grunwick affair.

Yours sincerely,
STEPHEN EYRES,
Secretary,
The Selsdon Group,
10 Sloane Street,
London, SW1.

Mrs Thatcher's next US visit

From Mr P. Kellard

Sir, we shall soon be reading or viewing reports of Mrs Thatcher's latest visit to the United States and I sincerely hope that she manages to convey to the people of America a much more realistic impression of Britain than the damaging message she dispensed on her last political foray.

Those of us doing business with United States companies could be very specific with regard to the damage that subjective, immature political utterances inflict upon things British in America.

After a period, in which the western world experienced the worst recession for over 40 years, Britain is coming through with infinitely better prospects than most countries.

It has not become ungovernable as predicted, people of all sectors of society have shown a tolerance and patience that is typical of British social and political stability.

Given the opportunity, the British people will work as

hard and with as much skill as those of any nation, but the one thing we could do without at this particular time is divisive political leadership.

It is worth remembering this statement: "As to this country it is sunk, never to rise again. We have dwindled into an insignificant island. We have neither wisdom nor virtue left."

Seems that the British have been on the receiving end of silly political utterances for a long time, for that was a view of Britain expressed by Horace Walpole nearly 200 years ago.

Sounds familiar, doesn't it? My message to Mrs Thatcher at this time is—"don't make political capital by going to America to criticize us, be objective about the situation and tell them that we're as good as the best"—she would earn greater respect by so doing from them and from us.

Yours faithfully,
PETER KELLARD,
KLF (UK) Ltd,
KLF House,
180 Windham Road,
Bournemouth, Dorset,
September 5.

Inadequate storage of solar pre-heat systems

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Yours truly,
BRENDA CARTER,
Wakeham,
Dorset.
Mr Petersfield,
Hants,
September 5.

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BY THE FINANCIAL EDITOR

All eyes on interest rates

A moderation signal was duly delivered by the Bank of England to the discount market yesterday. But it was very much a case of asking for moderation rather than demanding it. With the TUC votes going the right way and sterling looking perkier again, downward pressure on interest rates is mounting once more. And on this occasion it is going to be very much more difficult for the banks and building societies not to follow the trend fairly swiftly.

From the political point of view, it must all sound delightful. Whether the monetary authorities are quite so happy about the way things are developing is another matter. On the face of it, there is probably no particular objection, per se, to United Kingdom interest rates coming into line with North American rates, or even moving below them as they did in the early seventies. There are, however, other considerations.

The first is whether or not a further fall in interest rates will in fact deter further inflows of hot money so long as there is the thought around that sterling may still be allowed to appreciate further. The second is whether the process of recycling short-term liquidity along a steep yield curve is a sustainable operation. The third is the lagged effect of falling short-term rates on bank lending and the money supply. It may well be, however, that the authorities will wait several more months of news input from the labour front before they have the confidence to consider a change in strategy.

Breaking new ground, the Takeover Panel is now recommending that independent advisers should be called in under certain circumstances to tell shareholders in an offer company whether the terms of a bid for another business are fair. Until now such independent advice has been required only in the case of an offeree company.

Specifically the Panel has in mind circumstances where a potential conflict of interest might arise between a board and outside shareholders, say, where there are directors common to the two companies or cross shareholdings.

But much seems reasonable enough. But it is less easy to see why the Panel should recommend automatic independent advice in the event of a reverse takeover—defined as when an offeror company would need to issue more than 100 per cent of its present capital. There is no particular reason why a reverse takeover should necessarily involve conflicts of interest of the kind that call for independent advice for shareholders.

However, the Panel is definitely not trying to suggest that advisers should be involved in the strategic decisions but only in assessing the terms. So there should be no question of advisers interposing themselves between directors and shareholders on the critical issue of whether a company is actually moving in the direction the shareholders want.

Composite insurers Guardian Royal out of step

Disappointing interim figures from Guardian Royal Exchange upset the composite insurance appraiser yesterday, the outcome being that profit takers were allowed to get the upper hand even in Sun Alliance and Phoenix whose results were fully up to expectations.

With much lower exposure in North America—virtually nil in GRE's case—the three groups were not expected to keep pace with the growth recently reported by Commercial Union and General Accident, both of whom have benefited considerably from loss elimination in American underwriting.

But a mere 10 per cent improvement in GRE's pre-tax profits to £26.3m was out of step with the improvements of around two-fifths to £30.4m and £17.2m reported by Sun Alliance and Phoenix respectively.

In GRE's case the explanation lies in a dramatic swing from a short-term underwriting profit of £700,000 last time to a loss of £4.3m this time brought about partly by problems on the motor account where a higher claims ratio has combined with consumer resistance to premium rates.

However—unlike Sun Alliance and

Phoenix, GRE has decided to take no account of first-half Canadian profits—possibly more than £1m—because of uncertainties caused by the Anti-Inflation Board. Currency swings have undoubtedly also gone against GRE in the first-half and there could at least be a significant improvement on this front although European underwriting business remains dismal.

At home, Sun Alliance, particularly has benefited from the virtual absence of storm damage, which cost something over £3m last time, although this has been partially offset by continuing subsidence claims. Recent weather conditions however point



Lord Aldington, chairman of Sun Alliance.

to Sun Alliance as one of the major housing cover writers seeing substantial improvements in the second-half. Sun Alliance could go on to full-year profits of £63m and Phoenix £37m while it is perhaps too early to write down earlier estimates of around £68m from GRE. So although the underwriting cycle is now entering a slower phase the composite's share yielding around 5½ per cent could still offer attractions despite the recent run-up.

Carpet

Bond Worth reverberations

Given the depressed state of the carpet industry, which has already seen the demise of one major with the receivership of Bond Worth, Carpets International did well perhaps to confine its half-year profits decline in the home market to 12 per cent. But Australia remained a running sore and after three years of losses CP's confidence that its interests there will be trading profitably by the end of the year may not be shared by the stock market.

Both at home and abroad CI seems to be simply stemming the tide. It may not be the company's fault, but that is little consolation for subscribers to last year's £3.78m rights issue whose interim dividend has been cut from 3.5p gross to 2.5p. Profits in the half were down from £1.7m to £570,000 with losses in Australia rising from £830,000 to £1.54m.

Over capacity in the industry has been generated over the past few years with the large increases in production for the cheaper tufted ranges which followed trading down by consumers.

CI followed the trend into tufted production although keeping away from the cheapest ranges produced by Bond Worth and kept a broad approach to the market. The protection provided by the higher quality end, now seems to be wavering. Export profits were down in the half—and a restoration of the dividend for the full year will depend on current projections of stronger home sales in the second six months proving correct, coupled with sharply reduced losses in Australia.

There is no guarantee of either through the closure of Australian Axminster plant may have done the trick here. In the United Kingdom CI suffered only a nominal loss due to the Bond Worth debacle thanks to adequate bad debt provisions, but Bond Worth's demise could still affect prices. For CI borrowings are on a rising trend which will be difficult to reverse at present, so the shares, down 11p at 62p yesterday should be left alone, despite a yield of 11.6 per cent assuming of course that the final dividend is maintained.

Pay claims: will the TUC stand up to the test?

The Trades Union Congress has spoken and who will say them nay? Union negotiators have been given a bargaining brief for the next wage round that is impressive in wording but clear in intent: workers should not have more than one rise a year, and not too much then either.

Mr Len Murray, general secretary of the TUC, put it thus to the Labour movement: "After the expiry of principal settlements at the end of 12 months, you can get on with collective bargaining. Looking into account your own circuit of settlements—and that includes the profitability of the companies your members work in."

It is not a new formula like the 56 and 5 per cent phases of the counter-inflation policy that made for tidy industrial relations. There is no stated limit on increases, though the moral authority of the TUC's insistence on not returning to the 30 per cent-plus wage inflation of 1975 will act as a damper on the more exotic claims now being floated. But what will be the overall impact of yesterday's decision on the collective bargaining scene? Not nothing, as some militants are busily persuading themselves, and not everything, as the more sanguine members of the TUC general council seem to believe.

In the public sector the Prime Minister has made it clear that the Government attaches the highest importance to a limit of 10 per cent for the increase in the wages bill and, from information gleaned by union leaders so far, this will mean average pay offers of 6 to 7 per cent with, at most, another 3 per cent to take account of anomalies, wage restructuring, fringe benefits and everything else.

One public service union leader said last night that there was no doubt that the public sector was going to be screwed down. "The 12-month rule, the 10 per cent figure and cash limits comprise an effective phase three."

In the private sector the Government is in a much more difficult position, being able only to guide and exhort rather than compel. And there are many industries where the cost of the 12-month rule and the moderate expectations imparted to union bargainers will inhibit management plans. British Leyland is a classic example and one that was made much of by Mr Jack Jones, the transport workers' leader in his attack on wage restraint.

The Leyland Car management and the unions have agreed on a plan for a long-term rationalization of the company's wages. Jones, however, is not happy with the plan, which is still awaiting final approval of individual union executives, also proposes, fair differences between different tasks, incentive bonuses to improve output and a phasing-in of wage parity so that a man doing the same job in Longbridge gets the same as his counterpart everywhere else in the company's motor factories.

Mr Hesley has not yet ruled on the permissibility of this agreement, which is designed to cut out pay "leap-frogging" between plants and usher in a new era of peaceable industrial relations. The door has so far been left ajar and Leyland will now be seeking an early meeting with the unions to get their final approval before going to the TUC and the Government for state sanction.

Leyland will be a major test case of the flexibility that Mr Callaghan told the unions two days ago will be built into the more relaxed incomes policy for the coming year. It will also be a critical test of the TUC's role in influencing collective bargaining.

There is no specific machinery to enforce congress policy and in the past it has been up to a panel of senior members of the general council to pass judgement on the claims of affiliates. Over the past two years there have been no

| THE STATE OF PAY CLAIMS | | |
|---------------------------------|------------------------------------|-----------|
| Postponed Stage 2 settlements | | |
| | Number | Due 1977 |
| Merchant Navy Officers | 48,000 | June |
| ICI manual and clerical workers | 71,000 | June/July |
| Fleet Street journalists | 4,500 | July |
| Chrysler manual workers | 20,000 | July |
| Clearing bank staff | 146,000 | July |
| Gas staff | 50,000 | July |
| Reopened Stage 2 settlements | | |
| | Number | Due 1977 |
| Miners | 260,000 | February |
| ASLEF train drivers | 29,000 | April |
| Post Office engineers | 127,000 | July |
| Stage 3 settlements programme | | |
| Month of last settlement | Numbers | |
| September (1976) | Police | 118,000 |
| | Dockers | 30,000 |
| | Vauxhall | 34,000 |
| October | Fleet Street manual workers | 33,000 |
| | Ford | 57,000 |
| November | Local authority manual workers | 1,100,000 |
| December | NHS ancillary workers | 238,000 |
| January | Post Office | 220,000 |
| | Steel manual workers | 118,000 |
| | Gas manual | 50,000 |
| March | Electricity supply manual workers | 105,000 |
| April | Teachers | 568,000 |
| | Nurses | 420,000 |
| | Civil servants | 500,000 |
| | British Railmen | 180,000 |
| May | Engineering workers | 1,500,000 |
| | Chemical workers | 48,000 |
| | Retail distribution | 140,000 |
| June | Building workers | 600,000 |
| July | Local authority non-manual workers | 320,000 |
| | Industrial civil servants | 170,000 |

Source: Rowe Rudd & Co.

serious defections over wage restraint, but the narrowing of the majority in favour of an incomes policy since the 1976 conference must cast doubt on the TUC's ability to police what is left of the social contract.

The attitude of the transport workers will be important. With almost two million members scattered throughout British industry and the public services, the union is in a position effectively to scupper the 12-month rule, but Mr Jack Jones expects his members to meet later this month to abide by the collective decision of congress.

The miners, who voted against every form of wage restraint, are a more difficult case. They have a claim for £135 a week for face-workers in the north. November 1, only eight months after their last settlement. But, in the wake of the TUC decision, moderates who dominate the executive of the National Union of Mineworkers may argue their responsibility to the rest of the Labour movement, particularly as the left-wing speaker who took their views to the rostrum was treated with less than fraternal enthusiasm.

The idea of a productivity deal which would be permissible under the bargaining rules is likely to be revived later this month.

The constitutional argument within the Amalgamated Union of Engineering Workers, that the TUC's decision to delegate publicly disagreeing with their president when he cast a card vote for the 12-month rule, is an unhappy omen for the future. Apart from provoking a fierce internal row in the AUEW, it is expected to diminish the authority of the decision in factories and workshops where militant shop stewards rule the roost.

The policy-making body of the dominant engineering section of the union has been recalled in November to discuss the shape of a pay claim to put to the Engineering Employers Federation. The dispute will be revived there, though in the meantime the engineering workers will write in support pay claims that breach TUC policy will look in vain to their leaders for support.

Clearly, much will depend on the political trade-off between the TUC and the Government.

The TGWU has put the price of cooperation at £3,000m worth of stimulus to the economy, chiefly through reduced taxation. If they are satisfied with the economic boost promised by the Prime Minister this autumn in return for wage moderation, TUC leaders will feel obliged to use their best endeavours to keep their side of the bargain.

And the desire to keep their special relationship with the Labour Government, though buffered by the admitted failure of phase two, is still strong: Mrs Thatcher's shadow falls across their deliberations.

Mr Murray counsels observers of the TUC to take into account the mood of congress as well as the votes and language of the motions, and Mr Bill Sirs, the steelworkers' leader, diagnosed what is happening on the shopfloor as "not a wage explosion but an explosion of discontent."

It will stretch the resources and ingenuity of the TUC to ensure that its discontent does not find expression in the traditional outlet of wage militancy.

Paul Routledge

Economic notebook

A not so free for all

Trade union leaders have more sense than governments credit them with, according to adherents of the monetarist school of economics.

If, they argue, the Government publicly announces a target for money supply growth, and demonstrates a convincing commitment to achieving it, union leaders will, when making pay claims, take full account of this and the implications for jobs.

The coming months are likely to provide the first major test of this proposition in relation to Britain. It will not, however, be the only test to be tested. The case against pay policies has for many people turned on the belief that, quite apart from creating anomalies and inefficiencies, pay restraint on wages succeeds in damping up wage claims until, with the collapse of the policy, they are released in a torrent.

If, in the coming year, there is no wage explosion and nemesis is avoided, monetarists will be able to claim a practical success for their doctrine, while advocates of incomes policies will be able simultaneously to show that the achievements of phases one and two of the voluntary restraint programme have remained intact.

On the other hand, should the feared wage explosion take place, the nostrums of monetarism alike could look more than a little sorry.

Certainly there are big differences between the effective end of the 1975-77 pay restraint policy and the termination of such policies in the past. The tough stance of both fiscal and monetary policy this time is one principal difference.

The return to collective wage bargaining after the incomes policy of Mr Heath's Government lapsed, occurred at a time of economic expansion and followed more than two years of substantial monetary growth. Unemployment was less than half of what it is today. Resistance by employers to large pay claims was low.

Since then corporate profits have slumped. Although, subsequently, profits have been partially rebuilt, this trend has not gone so far as to suggest that the majority of companies are in a position to meet substantial pay claims.

Nor is this dissimilarity in the general economic climate the only difference between 1974-75 and today. In the earlier period the pay scramble was set off in the public sector. But now, unlike them the Government has cash limits to help to hold down public spending.

Although the Government insists that cash limits are not intended to be used as a means of holding down the pay of its own employees, the fact remains that if wages of public sector workers increase faster than forecast, cash limits are not revised upwards, then something must give.

Either public sector employ-

ment will fall or government services will decline in quality or quantity. The Treasury has assumed an increase of 5 to 6 per cent for the wage bill in that part of the public sector controlled directly by cash limits. There is of course, rather less scope in the public sector than in the private sector for wage "drift".

The 5 to 6 per cent rise assumed for public employees compares with a government objective of about 10 per cent for earnings growth in the economy as a whole between now and next summer.

The key question is how important, in reality, are these apparent constraints on future pay negotiations. To begin with, a large number of public sector workers—teachers, nurses, civil servants, British Rail workers—settle in April, after the end of the period covered by the present cash limits.

For 1978-79, new cash limits will presumably be set in the light of the latest estimates of inflation. But a large number of public sector claims are due to settle before next April. Holding to the 9 to 13 per cent money supply growth in the current financial year will give rise to rather different problems. As the influence of monetary restraint on wages is less direct than cash limits, these problems are financial, rather than political or industrial. But it will bring little comfort to the Government if the money targets fail to prevent a rise in the pay of industrially strong unions and a rise in the jobless of the industrially unorganized.

Less predictable of all is the influence on wage bargainers of the depressed level of output and high level of unemployment. It is a double-edged sword. Indeed, many trade union leaders, like Mr Clive Jenkins, argue that high wage claims will give the economy a boost, raising aggregate demand and reducing unused capacity in industry and hence some overhead costs per unit of output.

But it is a course of action strewn with pitfalls to have much chance of succeeding.

As the National Institute of Economic and Social Research showed in its *Macroeconomic Outlook*, high level of wage settlements (rising progressively to 25 per cent by autumn 1978) will certainly increase private consumption, output and employment during the first half of next year by more than 10 per cent average wage settlements.

However, after a time higher prices, lower profits, lower government expenditure (assuming cash limits and money supply objectives hold), higher interest rates and a probably higher savings ratio leave growth and unemployment of 1979. This is the strongest case for moderation over pay.

Melvyn Westlake

SUN ALLIANCE & LONDON INSURANCE GROUP

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|---|----------------------------|----------------------------|---------------|
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| The Directors have declared an interim dividend for 1977 of 10.0p per share, costing £4,930,000. With the tax credit of 5.152p per share the "gross" equivalent is 15.152p per share. Last year, the interim dividend was 8.8p per share, the "gross" equivalent being 13.538p per share. The maximum dividend that can be paid for the year 1977 under current legislation is 20.154p per share. | | | |
| Shareholders will also receive the deferred element of the final dividend for the year 1976, declared at the Annual General Meeting in March of 1976 of 0.142p per share (0.215p "gross"), costing £70,000, to be paid on the benefit of the retroactive reduction in the rate of Advance Corporation Tax. | | | |
| Both dividends will be paid on 6th January, 1978, to shareholders registered on 1st December, 1977. | | | |
| ESTIMATED HALF-YEAR RESULTS | | | |
| | 6 months to 30th June 1977 | 6 months to 30th June 1976 | Year 1976 |
| Fire, Accident and Marine Premium Income | £'000 241,677 | £'000 205,946 | £'000 426,126 |
| Underwriting Surplus: | | | |
| Fire, Accident and Marine | 2,841 | (loss) 900 | (loss) 11,019 |
| Long-term Insurance Profits | 1,100 | 800 | 2,139 |
| Investment Income | 26,450 | 21,900 | 46,709 |
| Other Income | 110 | 80 | 138 |
| | 30,501 | 21,880 | 37,967 |
| Less Loan Stock Interest | 62 | 67 | 131 |
| PROFIT BEFORE TAXATION | 30,439 | 21,813 | 37,836 |
| Less Taxation | 14,400 | 10,300 | 15,931 |
| PROFIT AFTER TAXATION | 16,039 | 11,513 | 21,905 |
| Less Minority Interests | 153 | 100 | 142 |
| PROFIT ATTRIBUTABLE TO SHAREHOLDERS | 15,886 | 11,413 | 21,763 |

| UNDERWRITING RESULTS | | | |
|--|----------------------------|----------------------------|-------------|
| A more accurate method of calculating earned premiums has been used in arriving at the half year results and the comparative figures for the first half of 1976 have been re-stated on this basis. The results for the full year 1976 are not affected by this change. | | | |
| Home underwriting has improved and shows a profit. In the early months of 1977 subsidence claims continued at a high level but the measures taken last year have considerably reduced the impact on the half year results and recent experience is more encouraging. | | | |
| In several important overseas territories better results were obtained but there are signs that underwriting conditions are becoming more difficult in Australia. Non-Marine results in the U.S. have again improved but the business is still not profitable. There was also a loss on the Reinsurance account. | | | |
| The Marine account for 1975, to be closed at the end of this year, is unlikely to show a surplus and no transfer to Profit and Loss Account can be expected. | | | |
| INVESTMENT INCOME | | | |
| There was a satisfactory increase in investment income but the slower rate of growth reflects the fall in interest rates. | | | |
| New Life and Annuity Business: | | | |
| | 6 months to 30th June 1977 | 6 months to 30th June 1976 | Year 1976 |
| | £'000 197 | £'000 176 | £'000 1,000 |
| Sums Assured | 299,376 | 305,988 | 641,373 |
| Annuities per annum | 14,470 | 10,350 | 20,431 |
| Annual Premiums | 6,520 | 6,466 | 12,521 |
| Single Premiums | 2,832 | 1,375 | 3,121 |
| 7th September, 1977. | | | |

Business Diary: Book marks • Division of labour?

Corbi, Britain's third largest paperback house, now has another owner to take it for waffles.

Reinhold Mohr, chairman of the board of management of West Germany's largest publisher, Bertelsmann AG, has ousted the competition to buy a majority in stake in Corbi's parent, Bantam Books, from its present owners, a subsidiary of the Indian conglomerate, Agnelli.

Mohr clinched the deal with Giovanni Cabetti, managing director of the Agnelli subsidiary, IRI-USA, and Pat Newman, the British chair of Corbi and its British parent, the Bantam subsidiary Transworld.

Talks began nine months ago and it is thought that for the 51 per cent stake in Bantam Bertelsmann paid at least \$35m (about £20m). The Italians bought Bantam from American Financial two years ago.

Bantam regards itself as the world's largest paperback publisher. Bertelsmann, which is already operating a book club in this country, is at a stroke a world force in the paperback business, one of the company's few weak spots.

The Germans are apparently happy to leave well alone, and no changes in people or policies seem to be introduced either here or in the United States. Among Corbi's British authors are Frederick Forsyth, Desmond Morris and Catherine Cookson.

There was a certain eerie fascination in listening to George Baker in London yesterday, for he was outlining the terms of a new House of Commons, those of The Times for

nearly two centuries before the paper forsook that blessed spot for Gray's Inn Road.

Baker is the executive vice-president in charge of corporate lending at Continental Illinois, PH's new owners. They bought the freehold of the building from Lazard's last June for £7.25m, and Baker said, they will spend another £7m doing it up.

It was hard to concentrate on Baker's account of how Continental will be able to concentrate all three of its London offices into the one building.

He showed an artist's idyllic impression of the refurbished building, which apart from some new trees outside, looked just as gaudy as the PH's of Business Diary's fond memory.

If PH's perhaps deserved a better fate than becoming a bank branch (nothing against banks, but you know what we mean) at least it's an unusual one: under Illinois law Continental, which is bigger in assets than either Midland or Lloyds, is forbidden to have branches in its home state.



George Baker.

Ross Davies, *Business Diary's* Editor, continues his Blackpool report.

No prizes for spotting the likely lad at this year's coronation. It has to be Norman Ellis, the 33-year-old general secretary of the Association of First Division Civil Servants.

This is a 60-year-old body and among the 10,000 people it represents either directly or through affiliates are ambassadors, lawyers, economists and inspectors of taxes.

Ironically this may be his last TUC as well as his first, at least in his present incarnation, for Ellis and his association are now talking to Bill McCall's Institution of Professional Civil Servants about a merger.

Ellis's mandarins were affiliated to the TUC only last month. "The crème de la crème, they tell me," said Len Murray. "They are all cream to me."

Ellis has arrived here, somewhat bemused, after a motion for affiliation from the association's Department of Health and Social Security branch, subsequently approved narrowly by a ballot of the membership which had an amazing 80 per cent turnout.

A number of resignations have followed, which I have heard put at between 50 and 90, but which Ellis will only describe cautiously as "a few". Some members, particularly lawyers, were worried about a possible knock to their professional self-esteem in belonging to the TUC, while some other civil servants, but not too many it seems, were concerned about being seen to give impartial advice to ministers on the sensitive topics of wage and price control while send-



Photograph: Bill Warhurst

AFDCS's Norman Ellis: now you see me...

ing delegates to TUC. Ellis, however, was quite explicit when I asked him whether he had yet noticed any benefits from affiliation. Was it true, for example, that the association was invited to sit on the important policy-making Committee A of the Staff Side of the Civil Service Whitley Council on the very day he formally applied to Len Murray for affiliation. He confirmed that this was so.

Was there any connexion between the two, I asked. "It's a remarkable coincidence," he told me. "We've had an application for a seat on this committee for the past 10 years."

The engagement is announced not of two people but

of two unions, indeed two of the smallest in the TUC. The bride is the Amalgamated Association of Felt Hat Trimmers and Wool Formers (642 members) and the groom the all-male Amalgamated Society of Journeymen Felt Hatters and Allied Workers (689 members).

Although an honest woman is to be made of the former by the latter, the minimum disruption to either's domestic arrangements is envisaged. They have, in fact, been living together for some time in the same premises in Denton, Manchester, and even have the same general secretary, Harold Walker.

This marriage has come about as a result of the Sex Discrimination Act, under which the sexes equally—and that includes contributions as well as benef-

its. One other result of the Act, says Ethel Chipchase, secretary of the TUC's women's advisory committee and a member of the Equal Opportunities Commission, is that it is now harder to find out just how many of the TUC's members are

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Construction issues lead the way ahead

In another day of heavy trading, especially among the second-line stocks, share prices rose strongly for a fourth consecutive session with the FT Index moving inexorably towards its best-ever level.

Such was the strength of early trading that there were hopes that the record 543.5 seen in May 1972—could be beaten in one leap. But with the market looking "a bit tired" towards the close an ominous ground after 2 pm while the stock

Rumours that Dr Dan MacDonald, ex-chairman of BSR, now living in Switzerland, had placed a large proportion of his new 10 per cent holding in motor component group Wilton-Breiden, which could have been the prelude to a bid, can be discounted. There were dealings in the shares yesterday, but nothing of the size of the 1.3 million put-through that was said to have taken place outside the market.

11 points better at 536.8. The closing figure of 534.2 was a net gain of 3.4. Money market indications (that MLR might be allowed to fall) by another quarter per cent this week gave a lift to fixed-interest stocks. Though a little below their best short dates ended with net gain of three-quarters, while at the longer end the advance stretched to one and a quarter points.

Dealers commented that it was a day of general caution rather than specific sentiment, though the expected TUC vote in favour of the 12-month rule on pay

and the Prime Minister's hints on some level of inflation in the autumn did not escape the notice of investors.

Of particular comfort to dealers is the breadth as well as the strength of the present advance. The daily value of bargains is three times the level prevailing at the end of last month with most of the improvement coming in the second-liners.

After a stagnant summer dealers here describe the sudden burst of activity as "startling".

Reports of greater activity in the building industry and the previous day's figures from Costain again inspired the sector to one of the best performances of the session.

Costain itself closed 26p to the good, at 312p with next year's dividend payment a major consideration. In sympathy Taylor Woodrow ended with a gain of 23p to 465p and Wimpey rose 5p to the good at 85p. Marchwiel rose 16p to 272p.

The latest retail figures and hopes of some form of boost to consumer spending in the near future lifted stores and related issues. Among the best were Comet Radio 5p to 114p, Decca "A" 25p to 485p, Burton "A" 6p to 86p and Bus "A" 7p to 112p.

Once again paper and print

issues were well to the fore with Hindon Print up 23p to 93p after revised terms from Ferguson Industrial and Portals 13p lower at 245p after profits which did not match up to most expectations. Others in good form were Thomson Organisation which moved ahead 13p to 705p, United Newspapers, where the gain was 8p to 280p, Daily Mail "A" 10p to 265p and McCargo which rose 10p to 220p. Ahead of half-year figures Bowater put on 8p for a final of 218p.

Takeover hopes were also a help for selective property shares. Peachey added 3p to 68p after the Allied London move while others to rise on more general takeover hopes were Property Securities 20p to

116p and Bernard Smiley 11p to 176p. Other issues in good form included Albion which gained 6p to 187p, Chesterfield 20p to 272p, Bradford 16p to 195p and Land Securities 8p to 218p.

In the current building sector *euphoria* M J Glesson, one of the smaller groups, is not over-looked. A good year is in prospect and there was £1m in cash in the last balance sheet. Properties are in the books at £2.6m, mainly at 1971 valuations, and some think the group is attractive enough to encourage a suitor. The shares held steady at 35p.

There were some good gains from companies reporting. These included Diploma Investments, up 17p to 154p, Centway 13p to 155p and Hepworth Ceramics after profits about £1m ahead of expectations. An interim setback and a reduced dividend hit Carports International to the tune of 5p to 62p, but dealers felt there might be a much improved picture after the full 12 months.

Equity turnover on September 6 was £157.75m (34,436 bargains) according to Exchange Telegraph active stocks yesterday were ICI, Shell, BAT DfD, Peachey Property, BP new, GKN, Diploma Inv, Commercial Union, Wimpey, Gus "A", Hepworth Ceramic, BAT Ind, Carports International, R. Costain, Taylor Woodrow, Turner & Newall, Guardian Royal Oil Exploration, Booker McConnell and Burton "A".

Portals aim for £9m but shares lose 13p

By our Financial Staff

Portals Holdings, the security paper to water treatment group 32 per cent owned by the Bank of England, raised its pre-tax profits from £3.1m to £3.8m in the six months to June 30.

Turnover went up from £31.6m to £38.3m with paper-making sales rising from £12.8m to £15.1m, water treatment and engineering from £22.2m to £27.9m. The group's property assets, valued at £340,000, internal sales and rents came to £5.1m.

A breakdown of trading profits shows a gain in paper-making from £2.1m to £2.4m, water treatment and engineering from £1.5m to £1.8m, and property from £265,000 to £265,000. The directors are expecting the full year's profits to increase in line with the first half figures. This indicates a figure of over £9m pre-tax against £7.3m last time.

The group trading picture continues to show the best opportunities arising overseas. Direct and indirect exports and overseas sales account for about 65 per cent of the total, and papermaking growth has slowed down. This reflects a fall in demand and narrowing margins but the board expects to be running at near full capacity for the rest of the year. Capital expenditure on equipment, product development and management strengths in this division will total £4m in the next two years.

In water treatment and engineering last year's growth has accelerated with continuing buoyancy in export markets and less depression at home. In this division the Patterson Candy companies in Malaysia and Singapore became subsidiaries with holdings stepped up from 50 per cent to 55 per cent. The interest in the Indian subsidiary will be diluted from the engineering side but the cash in the balance sheet will be spent on an acquisition in this sector.

The interim dividend is 5.30p per share and the directors plan to pay the maximum for the year of 11.67p. The shares fell 13p to 245p after rising from 226p at the beginning of the week. They yield prospectively 4.8 per cent and sell at just under 10 times earnings.

Plenty of room for Hepworth Ceramic to do better still

By Bryan Appleyard

Hepworth Ceramic Holdings, the Sheffield clayware to factories group, has followed its 46 per cent profits growth last year with a 42 per cent increase in half time. This outstripped best market hopes by at least 1m.

On a turnover up from £78.9m to £106.5m pre-tax profits rose from just over £9m to £12.5m in the six months to June 30 thanks to an across-the-board improvement led by refractories which showed the largest percentage growth.

With the results the group announced that Mr Peter Goodall, previously the managing director, is now the chairman and chief executive owing to the retirement of Mr John Booth from the post of executive chairman.

Commenting on the figures Mr Goodall said: "United Kingdom economic climate had not improved and the group had dealt with this by increasing efficiency. The fast-growing refractory division is to receive an additional boost from the £30m project the company has launched in Ireland with Cement-Roadstone. The plant will be on stream in two years and will provide high-grade magnesia and free Hepworth from the scattered international markets on which it currently relies.

On the clayware side the major growth hope is the United States company W. S. Dickey Clay Manufacturing which Hepworth bought for £2.7m. This contributed £560,000 to profits at the trading level in



Mr Peter Goodall—the new chairman and chief executive of Hepworth Ceramic.

this half year but Mr Goodall hopes to set it on as productive a footing as the British clay pipe operation. That indicates potential capacity of 50 per cent of the British operation which produced £5.7m profits last year working at just 29 per cent capacity. Fordath, the foundry resins and equipment subsidiary which made £67,000 last year, has improved substantially. The interim dividend is 2.35p and the total for the year forecast at the time of the rights issue is 5p. So the shares at 89p, up 3p yesterday, offer a prospective yield of 5.6 per cent. Estimates of full year profits now range from £25m to £27m.

Latest results

| Company | Sales | Profits | Earnings | Div | Pay | Year's |
|--------------------|--------------|---------------|---------------|-------------|-------|------------|
| £m | £m | £m | per share | pence | date | total |
| Ang Am Ind | — | 29.52 (29.4C) | 64.5C (59.7C) | 22.0 (22.0) | — | — |
| Ang Am Ind | — | 21.4C (15.9C) | 212C (158C) | 200 (150) | — | — |
| Brit Vending (I) | 5.4 (4.3) | 0.19 (0.05) | 1.92 (0.78) | 0.5 (0.4) | 3/11 | (0.4) |
| Carports Int (I) | 52.0 (47.2) | 0.57 (1.7) | — | 1.0 (1.2) | 5/11 | (5.5) |
| Centway Sec (F) | 5.7 (4.7) | 0.63 (0.38) | 35.5 (22) | 5.5 (5.3) | 22/11 | 10.8 (8.8) |
| L J Dewhurst (I) | 5.6 (4.2) | 0.50 (0.40) | 3.2 (2.6) | 0.6 (0.5) | 24/11 | (1.5) |
| Diploma Inv (F) | 25.9 (19.2) | 4.0 (2.5) | — | 2.3 (2.2) | 24/10 | 3.4 (3.9) |
| Fanshawe Inv (I) | — | 0.07 (0.06) | 1.73 (1.53) | 1.2 (1.1) | 3/11 | 3.4 (4.1) |
| Guard Royl Ex (I) | — | 26.3 (24.0) | — | 4.2 (3.8) | 7/1 | (9.18) |
| Hepworth Cer (I) | 106.5 (78.8) | 12.8 (9.0) | 5.6 (4.12) | 1.55 (1.0) | 18/11 | (2.2) |
| Ldn & Mtn Ass (I) | — | 1.7 (2.08) | 6.1 (7.38) | 2.5 (2.8) | — | Nil (Nil) |
| Maple (F) | 22.1 (25.9) | 1.5 (1.1) | — | 1.19 (1.07) | 25/10 | (2.4) |
| Metro Tst (I) | — | 0.15 (0.001) | — | 4.57 (4.0) | 3/11 | (9.3) |
| Newbold & Bart (I) | 3.5 (2.7) | 17.2 (12.2) | 15.6 (10.3) | 3.0 (2.7) | 3/11 | (9.3) |
| Phoenix As (I) | — | 3.8 (3.7) | — | 2.1 (1.6) | 30/9 | 3.0 (2.4) |
| Portals (I) | 15.0 (12.7) | 4.6 (3.7) | — | 5.0 (—) | — | (—) |
| Raybeck (F) | 63.1 (49.5) | 0.49 (0.39) | — | 10.0 (8.8) | 6/11 | (18.0) |
| Thames Sul | 5.2 (3.5) | 30.4 (21.8) | — | 3.07 (2.75) | 21/10 | (1.7) |
| Sum Alliance (I) | — | 0.2 (0.14) | — | 0.5 (0.4) | — | — |
| Trade Indus (I) | — | — | — | — | — | — |
| H. Woodward | 4.5 (3.4) | — | — | — | — | — |

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.15. Profits are shown pre-tax and earnings are net. A Forecast. B Loss. C Rand.

Otjihase may cease working—Johnnies

By Desmond Quigley

Operations at Otjihase, the troubled Namibian copper producer, may be suspended following a loss of 89.7 per cent of the full year of operation, according to Johannesburg Consolidated Investment, which has a direct 49 per cent stake.

The possibility of suspension and the extent of the losses are revealed in the JCI preliminary figures for the year to the end of June. JCI has taken in R6.2m of Otjihase's losses as well as writing down its investment in the project by R12m.

The Otjihase write-off reduced attributable JCI profits to R14.2m (from R23.4m) from R26.2m the year before. However, the final dividend remains unchanged at 130 cents to make a total distribution of 170 cents a share, the same as the previous year.

The encouraging recovery last year at Bradford steel stockist and merchant G. M. Firth (Metals) may prove difficult to maintain. According to Mr Gerard Leadbeater in the annual report the opening months of the current year have not shown any improvement on last time. The depressed state of the world's steel industries, particularly at the heavy end of the flat products market in which Firth specializes, meant that the gain the first half of the year to March 31 last could not be held in the second six months.

JCI, in which Anglo American Corporation of South Africa and subsidiaries have a 41 per cent stake, has a 28 per cent interest in Rustenburg Platinum.

Meanwhile, Anglo American Investment Trust, a 52 per cent owned subsidiary of Anglo, is estimated to have increased equity earnings to R21.3m from R15.9m in the half year to the end of this month.

The interim dividend has been increased from 150 cents a share to 200 cents a share.

Anamint's main asset is a 26 per cent holding in De Beers, which in turn controls a third of the equity of Anamint's parent, Anglo American. De Beers recently reported a 93 per cent attributable profit increase to R285m for the first half of the year.

And it is obvious, the chairman says that worthwhile profits can only be earned when volume recovers.

However Firth is set to take advantage of any upturn. Sales have been running at levels lower than capacity but the group has been improving the quality of its stock on advantageous terms and, as such, will benefit fully from any upturn.

And Firth is to continue to use its assets to the full. Underlining this policy was the sale, last May, of part of its Bradford site for £725,000 against a book value of £485,000. About two thirds of the cash raised by the

sale will go on a new factory to be built on the remaining part of the site. Last year pre-tax profits of the group recovered from a depressed £32,000 to £198,000 on turnover up from £5.4m to £7.9m. But the group still has a long way to go to reach the near £1m pre-tax made in 1975-76. Direct exports in the year, however, stepped up slightly to £187,000 compared with a previous £143,000.

A note to the accounts shows that two groups—Bankers Trust International and The Throgmorton Trust—hold more than 5 per cent of the shares.

Steel depression may put a curb on results this year from G M Firth (Metals)

By Alison Mitchell

The encouraging recovery last year at Bradford steel stockist and merchant G. M. Firth (Metals) may prove difficult to maintain. According to Mr Gerard Leadbeater in the annual report the opening months of the current year have not shown any improvement on last time. The depressed state of the world's steel industries, particularly at the heavy end of the flat products market in which Firth specializes, meant that the gain the first half of the year to March 31 last could not be held in the second six months.

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Simon Engineers in £50m plus deal with USSR

Simon Engineering is believed to be on the verge of signing a contract for rubber plant equipment worth well over £50m with Russia.

It is thought that the deal will be signed within a matter of weeks and will involve Export Credits Guarantee Department backed finance of between £25m and £50m.

The deal is under the £950m export credit package agreed in 1975 between the then Mr Harold Wilson, the former Prime Minister, and Mr Kosygin.

Oct Steel and Bazaloni

At the extraordinary general meeting of tea producer Bazaloni Holdings called for September 28, Octavus Steel, which holds about one third of the group's shares, intends to move a special resolution to block any merger without shareholders' approval.

It says that Bazaloni shall procure that none of its wholly owned subsidiaries—Bazaloni Tea, Bangoon Tea and Sona-bheela (Assam) Tea—shall agree to be party to any scheme for the amalgamation or merger of the business of any of them or any of them with the businesses now carried on by Bazaloni Tea, ISA Bheela Tea, Jorehaut Tea, Longai Valley Tea or Marangi Tea, or any of them, unless such scheme has first received approval of the company in a general meeting.

If the resolution is not passed, Octavus Steel intends to move an ordinary resolution with a similar aim in view. Apart from Octavus Steel, Walter Duncanson & Goodridge is a major shareholder with about 13 per cent of the equity. Bazaloni, which has links with Jorehaut Tea, said that it held 9.76 per cent of Bazaloni, while Jorehaut Holdings said it held 8.99 per cent. The biggest shareholder in Jorehaut up to a year ago was Jorehaut with nearly 34 per cent, while Jorehaut Tea has 27 per cent.

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British Vending spirals 154pc

British Vending Industries, the country's largest wholesale distributor of disposable cups, saw a leap in pre-tax profits of more than a 154 per cent to £352,000 in the six months to June 30.

The increase was achieved on a turnover up from £4.3m to £6.4m. Earnings a share were 1.92p against 0.78p. The interim dividend is 0.77p gross compared with 0.69p.

In looking forward to the second half Mr J. E. Sykes, chairman, says he considers the group's planned investment in the extension of the range of products, particularly in the ever increasing market for disposables which range from tableware to disposable scalpels, is being fully rewarded.

Laird withdraws bid for Charrington Ind

Laird Group has withdrawn, beaten, from the battle to gain control of Charrington Industrial Holdings. The £26m agreed bid from Coalite and Chemical Products, which topped the Laird offer by 25m, has proved to be so much for the engineering to transport group. Revised terms which the Laird directors

Ewer stake was sold to Dee Computer

George Ewer has been told that the 4m shares sold by CCH Investments went to Dee Computer Services. This represents 27.69 per cent of the total Equity. Mr G. Currie of CCH has resigned as a director of Ewer. CCH sold its shares in Ewer at 25p each giving total price of £1m.

Trade Indemnity is keeping costs at bay

The bulletin from Trade Indemnity for the six months to June 30 indicates that the 1976 underwriting account has fared rather better so far than its predecessor had a year ago. The cost of claims rose, but more slowly than premium income. The 1977 underwriting account, which will not be closed until the end of 1979, has started well but much

Newton Chambers in big Russian deal

Central & Sheerwood's subsidiary, Newton Chambers Engineering, has recently signed an agreement with Russia giving the company the right to engineer and supply complete plants for the dry quenching of coke. These high technology plants which are worth millions of pounds are based on very considerable Russian experience and will be manufactured at Newton Chambers Engineering works in Sheffield and assembled and commissioned on site by trained personnel. Dry quenching of coke is an advanced process of coke production resulting in better quality coke, less atmospheric pollution, reduced risk of corrosion and the important benefit of harnessing surplus steam for conversion into electricity.

Portals Holdings Limited

(Security paper manufacturers, Liquid and water treatment engineers)

Interim Report to 30th June 1977

The unaudited results of the Group for the six months to 30th June 1977 are shown below together with those for the first six months of 1976 and for the year ended 31st December 1976.

| | Six months to 30 June 1977 | Six months to 30 June 1976 | Year to 31 Dec 1976 |
|---|----------------------------|----------------------------|---------------------|
| Group turnover | 15,066 | 12,776 | 23,321 |
| Papermaking Division | — | — | — |
| Water Treatment and Engineering Division | 27,890 | 22,210 | 49,181 |
| Property Division | 884 | 340 | 771 |
| Less: Inter-group sales and rents | 43,340 | 35,296 | 73,373 |
| | 5,078 | 3,712 | 5,030 |
| | 38,368 | 31,814 | 68,243 |
| Group trading profit | 2,438 | 2,109 | 4,803 |
| Papermaking Division | — | — | — |
| Water Treatment and Engineering Division | 1,300 | 915 | 2,661 |
| Property Division | 266 | 295 | 523 |
| | 4,004 | 3,289 | 7,986 |
| Deduct: Unallocated costs (net) including interest on 8% convertible unsecured loan stock | 183 | 221 | 685 |
| Group profit before taxation | 3,821 | 3,068 | 7,301 |
| Estimated taxation | 2,925 | 1,667 | 3,989 |
| Group profit after taxation | 1,796 | 1,411 | 3,312 |
| Outside shareholders' interests in profits | 55 | 24 | 78 |
| | 1,741 | 1,387 | 3,234 |
| Preference Dividends | 18 | 16 | 32 |
| Profit attributable to Ordinary Shareholders | 1,723 | 1,371 | 3,202 |
| Earnings per Ordinary Stock unit | | | |
| Basic | 10.53p | 8.43p | 21.85p |
| Fully diluted | 9.33p | 7.87p | 20.21p |

The figures show that Portals is continuing to make progress in both sales and trading profits. Furthermore, the Group has healthy liquid reserves, and plans to use them in projects that should enable it to go from strength to strength. The climate of the markets in which we sell varies considerably but, in general, we can say that the best opportunities continue to occur in exporting rather than in servicing the home trade. Our ability to produce and deliver our products on time is mainly constrained by the difficulty that we have in recruiting skilled staff. Inflation continues to be the greatest problem due to its effect on costs and the morale of those who work in the company.

Bank Note and Security Papermaking Division

This division has again produced results that exceed the comparable figures for the previous year. The increases are less spectacular than achievements in the recent past and reflect some decline in the rate of increase in demand and reduced margins. We expect to be running at near full capacity for the remainder of the year, so that our sales and profits should progress in line with the first half of the year. Our confidence in the prospects of this division is reflected in the continuing high level of investment in equipment planned for the next two years, in extensive product development and in further development of management strengths.

Water Treatment and Engineering Division

It was said in the annual report for 1976 that this division was now again making worthwhile progress. It is pleasing to report that this progress has accelerated in the first half of this year and is expected to continue at a similar rate in the second half. Export markets remain buoyant and home trade is less depressed than it was. During the period the Malaysian and Singapore companies became subsidiaries and now are 55% owned. We shall be diluting our interest in our Indian subsidiary from 60% to 40% at the beginning of 1978 to conform with Indian Government requests.

Property Division

As we have no plans to increase rents from our operating subsidiaries this year, and the activities of our development company are at a low level, the profits of this division are similar to last year's and will remain so.

Interim Dividend

In the absence of unforeseen circumstances, it is the intention of the Directors to pay the maximum permitted total dividend in respect of the year ending 31st December 1977 allowed by current legislation. The Directors have resolved to pay an interim dividend of 3.50p per Ordinary Stock unit payable on 30th December 1977 to shareholders on the Register on 29th November 1977. With the related tax credit at the rate of 24.60p this dividend is equivalent to 5.90p per Ordinary Stock unit.

Anglo American Investment Trust Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT AND INTERIM DIVIDEND ON THE ORDINARY SHARES

The following are the estimated results of the company for the six months ending 30th September, 1977, together with the figures for the six months ended 30th September, 1976 and the year ended 31st March, 1977. These should be read in conjunction with the notes below:

| | Six months ending 30.9.77 | Six months ending 30.9.76 | Year ended 31.3.77 |
|--|---------------------------|---------------------------|--------------------|
| Investment income (see notes) | R000's 21 499 | R000's 16 073 | R000's 44 449 |
| Interest earned | 223 | 218 | 422 |
| Deduct: | 21 722 | 16 291 | 44 871 |
| Administration expenses | 295 | 255 | 562 |
| Interest paid | — | 66 | 66 |
| Provision for taxation | 80 | 50 | 120 |
| | 375 | 371 | 748 |
| Net profit after taxation | 21 347 | 15 920 | 44 123 |
| Preference dividend | 150 | 150 | 300 |
| Equity earnings (see notes) | 21 197 | 15 770 | 43 823 |
| Cost of interim dividend No. 75 of 200 cents a share | 20 000 | 15 000 | — |
| Number of ordinary shares in issue | 10 000 000 | 10 000 000 | 1 |

Associated Television Corporation-

the International Group spanning
TV, Theatres, Theatrical Costumiers,
Films, Music Publishing, Records
and Tapes, Property, Insurance,
Ansafone and Merchandising



'Pretax profits are up by 81% to all time record'

Statement by Lord Grade of Elstree, Group Chairman and Chief Executive:

Review of the year

The results speak for themselves. The pre-tax profit figure is £11,161,000, the highest in the 22 year history of the company, and shows an increase of 81% over 1976.

The improvement in the Group profit may be attributed in the main to two causes: first, to the resurgence in television advertising revenue and secondly, to the very substantial contribution made this year by the Corporation's film division.

I can also confirm that all the main divisions within the Group are currently thriving and look well set for the future.

Directors

ATV Corporation

Mr. Jack Gill, C.B.E., already my Deputy Chairman, has, in addition, been appointed Deputy Chief Executive of the Corporation. Mr. Gill's new designation thus gives public recognition to the part which he has played in building up ATV's prosperity.

Mr. Norman Collins, who has held the position of Deputy Chairman from the inception of the Company, now gives up that post, but I am most happy to say he has agreed to remain a member of the Board.

I have been most happy, also, to appoint Mr. Louis Benjamin my other Deputy Chairman.

ATV Network

It is a condition of the franchise granted by the Independent Broadcasting Authority that 70 should be the maximum age for Directors of the licensed Companies.

Accordingly, while remaining Chairman and Chief Executive of Associated Television Corporation—the Group which embraces all the subsidiary activities—I shall be relinquishing my Chairmanship of the ATV Network Division of the Group on 1st October, 1977.

I am delighted to say, however, that the Board of ATV Network has, with the full approval of the Authority, unanimously elected me to the post of President, and I am also fortunate in having Mr. Jack Gill, already my Deputy Chairman at ATV Network, ready to succeed me as Network Chairman.

Under the same age-rule of the Independent Broadcasting Authority, Mr. Norman Collins, a founder member of the Company, will be retiring from the Network Board.

Television

As a result of improved transmitter coverage, ATV Network now serves an area extending from Stoke on Trent in the north to Oxford in the south, and from Hereford in the west to Peterborough in the east.

Due to the upturn in television advertising revenue, the profit of ATV Network, before tax, was £4,281,000 against £1,945,000 for 1976.

The financial revival of ATV Network should be seen against the background of the results for the year 1974/75 when the profit before tax had dropped to £1,677,000.

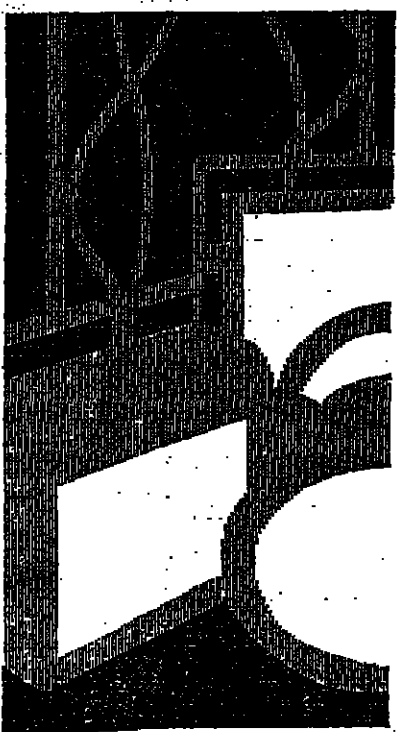
The urgent and necessary economies which were introduced were not, however, at any time allowed to impinge on direct expenditure upon programmes.

In the result, the high standards of the service were fully maintained, and the year saw the presentation of such notable programmes as the six-part "Moses: The Lawgiver", and the irresistible, 24-episode series "The Muppet Show"—1977 winner of the Golden Rose of Montreux Award.

The Annan Report

The long-awaited Annan Report on the future of broadcasting has now been published and I must thank Lord Annan for his welcome acceptance of the basic principles of Independent Television.

I must, nevertheless, admit to being disappointed that the Committee did not see fit to recommend that the available—and at the moment, entirely unused—fourth Channel should be allocated to the IBA.



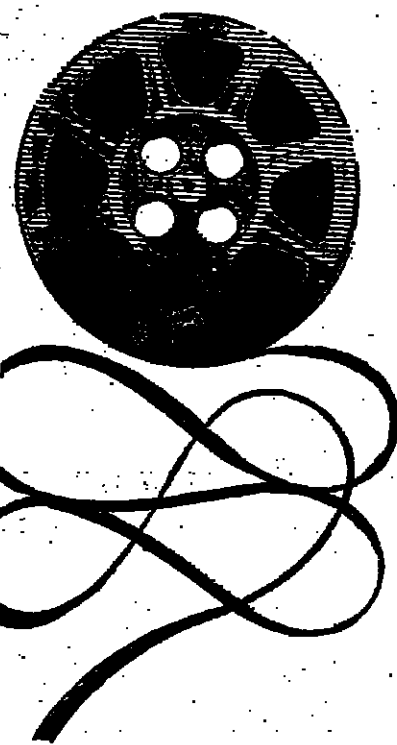
Film Production

In my last two annual statements, I have been careful to draw attention to the magnitude of borrowings necessary to finance large scale film production and the inevitable time-lag between outlay and reward.

That reward, in very considerable measure, is now beginning to accrue with a contribution of £2,908,000 this year.

Zeffirelli's majestic production of "Jesus of Nazareth" was first shown in this country on Palm Sunday, 3 April 1977. It achieved immediate success both at home and abroad. In Britain, the audiences amounted to 21 million viewers; in the USA to over 91 million and in Italy 84% of the viewing public saw the film.

I have no hesitation in saying that this film, representing ATV's largest single film-production investment, will prove an asset of incalculable worth to the company and provide a valuable annuity over the years to come.



Among the Film Division's other successful releases, "The Return of the Pink Panther" has proved particularly outstanding.

Further investment in film production is currently being undertaken in the light of up-to-date practical experience of the international market.

The overseas interests of ATV have during the past decade been steadily expanding. In consequence, the Group is now a large-scale earner of foreign currency.

Theatres

The Stoll-Moss Theatre Group enjoyed a most satisfactory year. Included amongst its outstanding achievements are the record-breaking "A Chorus Line" at the Theatre Royal, Drury Lane, and the musical hit, "Ipi Tombi", at Her Majesty's Theatre.



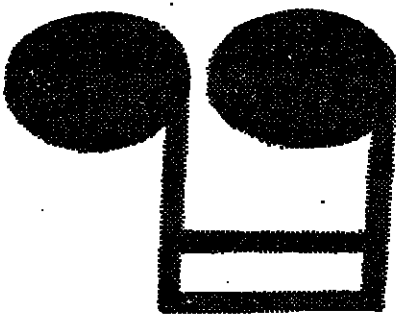
Moreover, the Group's Shaftesbury Avenue theatres—Queens, Globe, Lyric and Apollo—all showed to best advantage, with long-running performances by such of our leading actors as Sir Alec Guinness and Sir John Mills, and with the work of many award-winning dramatists.

The twelve months at the London Palladium proved equally stimulating and successful. The new international star policy launched with Frank Sinatra in 1975, brought before the public such artists as Sammy Davis Jr., Julie Andrews, Bing Crosby and Shirley Maclaine on her triumphant return visit; and the box office demand became overwhelming.

Music Publishing, Records and Tapes

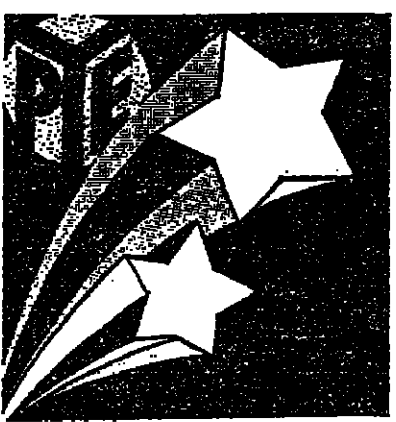
Music publishing produced record profits with an increase of 21% against the previous year and there is every indication that the current year should again make a major contribution to the Group's finances.

The decision has been taken to start new companies in the major territories outside USA and Switzerland, where we already have our own music publishing subsidiaries. We have therefore acquired a controlling interest in Allo Music in France and investigations are proceeding with the object of establishing companies in Germany and Italy.



The results of the Pye Records Group show improvement over the previous year despite a non-recurrent setback in the company's trading in the United States.

Among the Pye artists who won international acclaim were the Brotherhood of Man with their 1976 Eurovision Song Contest winner "Save Your Kisses for Me", and Max Bygraves and Lena Martell both earned top places in the overseas Charts.



Other Activities

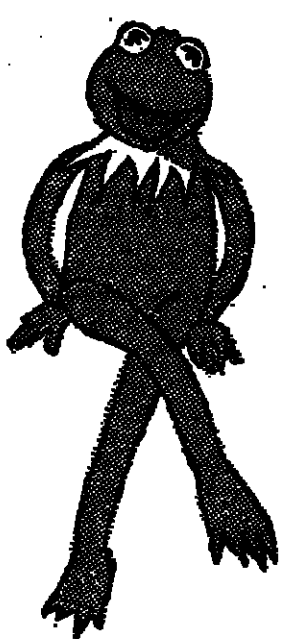
It is a remarkable achievement that Bentrav Investments should have increased its profits by nearly 20% in a year which was a notably difficult one for property companies.

A complete re-organisation has been undertaken at Ansafone and the new range of equipment being offered shows every sign of being able to meet the steadily growing demand.

Bernans & Nathans, our theatrical costumiers, are now trading profitably.

The Marbarch Insurance group is steadily expanding its business overseas and the whole outlook is most promising.

ATV Licensing has most enterprisingly expanded its activities. In addition to the wide range of "Space 1999", a forthcoming range based on "The Muppet Show" and our own long established "Rupert Bear" should ensure another good year.



Kermit, star of "The Muppet Show" winner of The Golden Rose of Montreux and Pye record personality.

Tribute to Staff

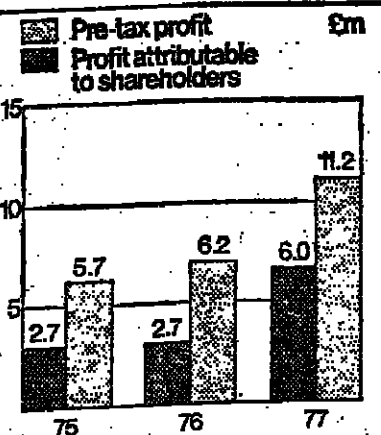
Thanks are due to all directors and staff of the Group's companies at home and abroad for their staunch support throughout the year. The growth of ATV is something of which we can all feel justly proud.

Group results at a glance

Year to 27 March 1977

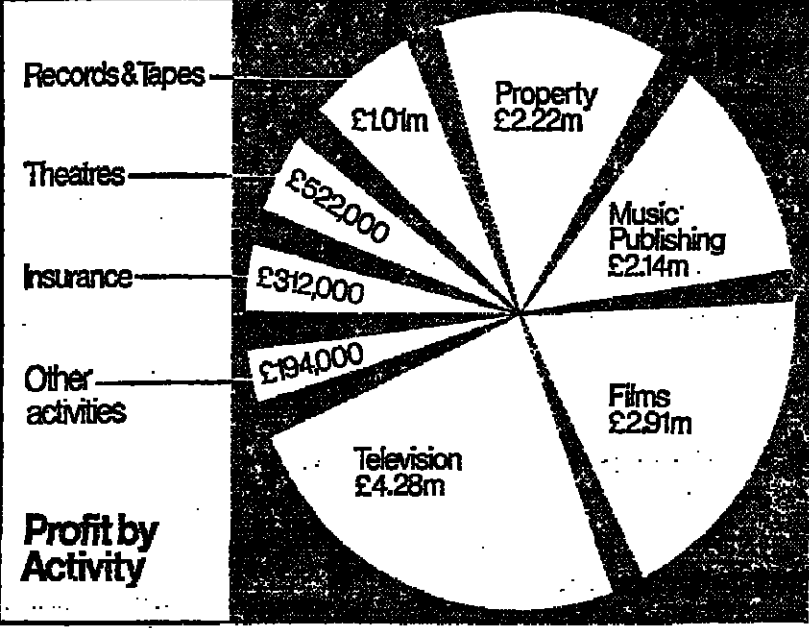
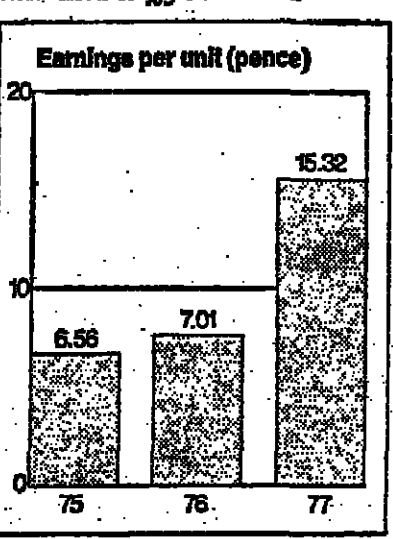
Turnover rose from £69.2 million to £89.3 million an increase of 29%. After paying an increased television levy of £6.03 million against £2.73 million in 1976, the profit before taxation was £11,161,000 (1976—£6,151,000). Taxation accounted for £4.75 million (£3.17 million), leaving a profit after tax of £6.41 million (1976—£2.98 million).

Earnings per 'A' stock unit were 5.374p, an increase of 118.5% over last year.



An interim dividend of 2.275p per 'A' stock unit, together with a final dividend of 3.099p to be paid on 3 October, makes a total of 5.374p per 'A' stock unit—the maximum permitted.

After paying these dividends, the profit retained in the business amounted to £3.82 million.



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FINANCIAL NEWS AND MARKET REPORTS

Diploma expects to pay nearly twice as much when time comes

By Alison Mitchell

Shareholders in electronics distributor and engineer Diploma Investments could be in for a handsome payout when dividends are lifted.

For Mr Christopher Thomas, chairman, reveals that, had the group had a free hand this time round, the annual dividend would have been raised to 9p gross. Diploma is already paying 5.2p, covered over three times by earnings, and Mr Thomas promises that the policy of increasing the dividend, if the group continues to prosper, will be reflected in next year's payment.

In the 12 months to June 30, 1977, the group surged ahead. Pre-tax profits rose by almost 60 per cent from £2.5m to £4m, on a turnover up 55.7m to £25.9m. So pre-tax margins

were a healthy 15.6 per cent against 13 per cent.

Much of the improvement has come from a big expansion programme. On the industrial distribution side, profits doubled from £1.1m to £2.2m in the 12 months, on the back of a substantial increase in turnover. Part of the increase came from a price rise, but Mr Thomas reports that there was an 80 per cent volume growth.

Improved market penetration, price movements and exchange rate increases resulted in near doubled turnover. Diploma now acts for a large percentage of manufacturers of semi-conductor and allied electronic devices.

The star performer in the manufacturing division was Henry Whitham, steel stockholding and heat treatment off-

shoot, which helped improve the division's profit from £1.3m to £1.7m.

Blakdale-NSE and Sankay Sheldon made more than £600,000 in the partitioning and office furniture market. This side of the business has also increased its exports, particularly to the Middle East.

In the past year overseas sales by the group rose from £600,000 to £1.5m and the chairman is confident of even better things.

So far this year, orders, sales and profits are up on the same period in 1976 and the chairman is confident.

The shares were actively traded yesterday. They closed 17p stronger at a year's high of 15p. On the currency dividend this gives a yield of 3.4 per cent and a p/e ratio of 9.2.

Raybeck is confident after a 25pc gain

By Michael Clark

Raybeck, the clothing maker and retailing group, which recently took control of men's wear rival John Stephen, improved pre-tax profits by a quarter to £4.6m in the year to April 30.

Sales rose strongly from £49.5m to £63.1m, but margins slipped from 7.52 per cent to 7.39 per cent. Earnings a share were 5.72p against 4.66p and the total dividend is 4.5p gross compared with 3.5p for the corresponding period. There is also an extraordinary profit arising from the sale of 200 Oxford Street, in June 1976, of £2.2m.

Results at half time showed a jump in pre-tax profits of £418,000 to a record £2.2m on sales up by 22 per cent to £30.5m.

Mr Ben Raven, chairman and chief executive, said that these record interim profits have confirmed his confidence.



Mr Ben Raven, chairman.

So far this year sales are ahead of last year, and the group's future is set for sustained expansion supported by an increased capital base.

The shares held steady at 55p yesterday.

Capital reconstruction and lower losses as Maple reduces loans

Smaller losses and a halved nominal share value are announced by furniture makers Maple & Co (Holdings), two months after the sale for £11.25m of its key London site.

Maple says that it has used the entire proceeds of the sale to repay nearly all its syndicated bank loans.

This should result in a saving, over a full year, of about £1m of interest charges, at exchange rates ruling at the time contracts were exchanged.

The company's nominal share value fell from 25p to 12.5p, but interest of 1.9m against £1.5m.

At the attributable level losses dwindled from £4.4m to £2.7m. The loss a share is 6.3p against 7.3p.

After full provision for preference dividends the loss is 9.5p against 16p.

In the light of the results, the board has not paid the preference dividends and arrears now amount to £18,000 with a tax credit of £9,000.

The board proposes to halve the nominal value of the ordinary shares to 10p and to cancel enough of the share premium account to eliminate the deficit on the profit and loss account.

Mr C. T. Canby, chairman, says that the proposals will produce a balance sheet which reflects more accurately the group's present financial state.

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Mr C. T. Canby, chairman, says that the proposals will produce a balance sheet which reflects more accurately the group's present financial state.

Sunlight in deal with Advance Gp

The boards of Advance Laundries and Sunlight Service Group have agreed terms for the sale to Sunlight of the office cleaning division of Advance's subsidiary—Advance Linen Services.

The operating cost being sold are Advance Cleaning (London) and Advance Cleaning (Midlands and West) and the consideration is £210,000 cash.

The companies being sold made pre-tax profits of £50,000 in 1976 and their net assets were about £175,000.

Sunlight is also buying from Advance for £57,000 the capital of a subsidiary with net assets of £57,000 represented by a debt due to it by Advance Cleaning (London) and cash of £200.

British Electric Traction, together with a subsidiary, owns 20.1 per cent of Sunlight and is the ultimate holding company of Advance.

Share terms for Hindson

The boards of Hindson Print Group and Ferguson Industrial Holdings, have agreed on terms of a share offer, to be made by Ferguson for the remaining 592,000 ordinary shares of Hindson, not already owned.

The cash offer has already been announced. The terms of the cash offer are 69p a share, and the share alternative is seven ordinary Ferguson shares for every six Hindson.

Hindson shareholders will be entitled to keep the proposed dividend of 4.2p making 5.9p gross against 5.2p.

The directors of Hindson, consider the offer to be fair. The results of Hindson, for the year to June 30, showed a jump in pre-tax profit of 25 per cent to £207,000. Turnover rose from £3.1m to £3.5m and earnings a share moved from 7.4p to 9.1p. The shares of Ferguson rose 1p to 83p yesterday.

TRADE INDEMNITY COMPANY LIMITED

Interim Report by the Chairman, Mr. K. M. Bevis, CBE, TD, on the six months ended 30 June 1977

The Directors have declared an Interim Dividend of 3.07155 pence per Ordinary Share in respect of the financial year which will end on 31 December 1977: the dividend is payable on 31 December 1977. The dividend is payable on 31 December 1977. The dividend is payable on 31 December 1977.

Following the reduction in the rate of Advance Corporation Tax, the Directors have also declared an Additional Interim Dividend of 0.07336 pence per Ordinary Share which, with the Tax Credit of 0.05779 pence, amounts to 0.13115 pence per share. This dividend is in place of the extra amount which would have been declared as part of the 1976 Final Dividend had the reduction in the rate of Advance Corporation Tax been known at that time.

Both Dividends will be paid on 3 November next to Shareholders in the Register at the close of business on 24 October.

PREMIUMS WRITTEN on the three open Underwriting Accounts in the first half of 1977, totalled £9,267,000, an increase of 26.7 per cent on the comparable figure for the first half of 1976.

THE 1975 UNDERWRITING ACCOUNT at 30 June 1977, after making provision for all known claims, showed a credit balance of £1,296,000. This compares with a credit balance of £1,198,000 in the 1974 Account at the same stage a year ago.

THE 1976 UNDERWRITING ACCOUNT showed at 30 June 1977 a credit balance of £2,109,000 after making provision for all known claims. The credit balance on the 1975 Account a year ago was £1,399,000. The balance on each Account at the dates given includes £500,000 transferred from Profit and Loss Account at the end of the first year of the credit balance. This in respect of 1975 Account was transferred back to Profit and Loss at 31 December 1976.

As forecast, the 1976 Underwriting Account has fared rather better to date than its predecessor had a year ago, with the increase in the cost of claims being less than the growth in premium income. The 1977 Underwriting Account, which will be susceptible to economic and political developments in the months ahead.

6 September 1977.



Harold Ingram Exports a bright picture in a difficult year

Sales for the year to 30th April, 1977 were £3,041,870 against £2,549,821 and the profit before tax amounted to £215,689 compared with £248,399. Net dividends totalled 2.81p per share against 2.68p.

Commenting on results Mr. Ingram, the Chairman, said there had been a sudden, sharp drop in sales to U.K. outlets during the third quarter of the year and the trend accelerated in the final quarter. The explanation appeared to be in the savage squeeze on disposable incomes plus very poor weather conditions which severely affected the sale of summer merchandise.

He continued: "Exports present a brighter picture, increasing from £894,272 to £1,168,178. Forward orders for overseas are 2½ times the Sterling value of those we had at this time last year. In the hope of stimulating these still further, we shall shortly open an office in West Germany."

Designers & manufacturers of knitted garments



F. H. TOMKINS LIMITED

BUCKLE MANUFACTURERS - STAINLESS STEEL FASTENERS - HIGH TENSILE BOLTS & NUTS - COLD DRAWN STEEL - FASTENER DISTRIBUTION

Copies of the Report and Accounts are available from the Secretary, P.O. Box 22, All Saints Road, Wadsworth, West Yorkshire, WF9 9JN

"The improvement in trade reported at the half year was fully maintained throughout the second half to produce the Group's best performance to date."

Gerald Garman (Chairman)

F. H. TOMKINS LIMITED

BUCKLE MANUFACTURERS - STAINLESS STEEL FASTENERS - HIGH TENSILE BOLTS & NUTS - COLD DRAWN STEEL - FASTENER DISTRIBUTION

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Interim Statement

ESTIMATED RESULTS TO 30th JUNE 1977

The following are the estimated and unaudited results of the Phoenix group of companies for the six months ended 30th June 1977 with the comparative figures for the corresponding period in 1976 and actual results for the full year 1976. It is again emphasised that interim figures cannot be taken as a reliable guide to results for the full year.

| | 6 months to 30.6.77 | 6 months to 30.6.76 | Year 1976 |
|--|---------------------|---------------------|-----------|
| | £m | £m | £m |
| Net premiums written: Fire, accident, marine and aviation | 174.6 | 155.9 | 323.4 |
| Investment income | 17.1 | 13.9 | 32.2 |
| Underwriting profit: | | | |
| Fire, accident, marine and aviation | -0.3 | -2.1 | -8.4 |
| Long-term | 0.9 | 0.9 | 1.8 |
| Less expenses not charged to other accounts | 17.7 | 12.7 | 24.6 |
| Profit before taxation | 17.2 | 12.2 | 24.6 |
| Less: Taxation | 6.7 | 5.1 | 9.6 |
| Minority interests | 1.2 | 1.1 | 2.3 |
| Net profit | 9.3 | 6.0 | 12.6 |
| Earnings per share, calculated on a weighted average basis | 15.6p | 10.3p | 21.5p |

Note: Overseas currency transactions have been converted at rates of exchange appropriate to the periods in question. In converting US dollar transactions for the 6 months to 30th June 1977 a rate of \$1.72 has been used (\$1.78 for the 6 months to 30th June 1976 and \$1.70 for the year 1976).

GENERAL BUSINESS UNDERWRITING

The United States result is much improved by comparison with the corresponding period of the previous year, the loss being reduced from £2.8 million (operating ratio 107.5) to £0.1 million (operating ratio 98.7).

The United Kingdom account continues to be affected by poor results in the motor vehicle and liability classes and shows a loss.

Conditions remain difficult in certain European countries. Australia, Canada and South Africa were all profitable.

NEW LONG-TERM BUSINESS

| | 6 months to 30.6.77 | 6 months to 30.6.76 | Year 1976 |
|---------------------|---------------------|---------------------|-----------|
| | £m | £m | £m |
| New sums assured | 587 | 525 | 1,194 |
| New annuities | 6.0 | 3.1 | 13.1 |
| New annual premiums | 5.2 | 4.6 | 11.6 |
| New single premiums | 1.8 | 1.2 | 3.9 |

Note: These figures do not include the business of Property Growth Assurance Company Limited and Property Growth Pensions & Annuities Limited, which became subsidiaries with effect from 1st April 1977.

7th September 1977

Newbold & Burton ahead but margins slipping

Ladies shoe manufacturer Newbold & Burton Holdings is continuing to tread the road to better profits with an 8 per cent improvement to £159,000 pre-tax in the first six months of this year.

Turnover rose from £2.76m to £3.6m leaving margins down by about a fifth at 4.4 per cent.

However, Mr V. H. Burton, chairman, promises better things in the second half. Technical problems at subsidiary Lawson Ward which affected last year's figures have been sorted out, and the offshoot has

now returned to profitability. This, combined with satisfactory advance in turnover and higher levels of production should lead to a much greater improvement in the second half, according to the chairman.

Last year the Leicester-based group made a pre-tax profit of £303,000 on sales of £6.5m. For shareholders there is an interim dividend of 1.8p, an increase of 10 per cent on the previous 1.65p.

Insider investors, including insurance and pension funds, held about a quarter of the shares.

American Express in challenge to Tenneco for Philad'ia Life

Houston—Tenneco is not commenting at present on the offer by American Express to buy Philadelphia Life Insurance.

On August 25 Philadelphia Life agreed in principle to be acquired by Tenneco for the equivalent of \$170.6m. At the time Tenneco held about 24 per cent of Philadelphia Life's 10m outstanding shares.

Under the previous bid for Philadelphia Life by Tenneco, 0.22 shares of a new Tenneco 7 per cent voting preference stock with no par value but a \$100 liquidation value would be exchanged for each outstanding share of Philadelphia Life.

Each share of the preference stock would be non-redeemable for 10 years and afterwards would be subject to a sinking fund that would retire the issue by the end of the twentieth year.

Later yesterday, American Express said that its offer for Philadelphia Life was worth \$231m. The group would be offering new preferred convertible stock for Philadelphia Life's stock. It added that it hoped to pursue discussions with the insurance group.

Fr 800m for Michelin

Paris—Cie Generale Michelin, the holding company for the tyre and rubber group, is to tap the French capital market for Fr800m.

The offering will be priced at 90 per cent and the bonds will carry a coupon of 11.20 per cent.

Xerox Trust suit

Whippany, N.J.—Van Dyk Research Corporation says that its suit charging Xerox Corporation with violations of the Federal and Trust laws and aiding damages has been set for trial starting in February.

The company added that discovery proceedings should be completed by the end of the year. Van Dyk is currently operating in chapter XI bankruptcy.—Reuter.

Saab's Volvo sorrow

Stockholm—Saab, Sweden's second largest car group regrets that a formula for a planned merger with Volvo to form Scandinavia's biggest car group had not been found.

The Saab board said: "The board was informed of Volvo's decision to break the merger talks." It "expressed its regret that alternative forms of co-operation to those outlined in the May 6 proposition had not been found."

The Volvo-Saab merger would have resulted in a company with 70,000 employees in Sweden and 23,000 abroad. Volvo's President Mr Pehr G. Gyllenhammar and Mr Curt Millekowsky said after the May 6 merger-plan announcement, that they believed a combined Volvo-Saab would create more jobs than if the group's stayed on their own.

Alleghe-Chemetron

Pittsburgh—Alleghe Ludlum Industries and Chemetron Corporation have signed a merger agreement following approval by the two groups' boards.

The merger needs the approval of both companies' stockholders at meetings tentatively to be held by the end of November, the joint announcement said.

In Chicago, US District Judge Mr Prentice Marshall said he would rule tomorrow on Chemetron's motion for a preliminary injunction against Case Co's tender offer for its common stock. Crane's offer at \$40 a share for all of Chemetron began on August 25. On September 1 Crane raised the offer to \$48 for up to 2.4m shares and said the amended tender would expire on September 15.—Reuter.

Watsham's growth plans

The move into new growth areas has been completed by Watsham's, which makes specialist products for the electrical, telecommunications, optical and pharmaceutical industries. The group is now concentrating on development and the consolidation of its activities.

The making of electrical, telecommunications, covers and oil installation equipment has been a good market over the past year and the board expects that increased demand will require an expansion at Halesowen in the near future.

LONSDALE UNIVERSAL

Subsidiary S. Bragg & Sons has sold freehold of its store in Bedford to Prudential Assurance for £1.625m, an excess over book value at September 30 of £250,000.

NO PROBES

Following proposed mergers are

Eurobond prices (midday indicators)

US & STRAIGHTS

Briefly

not to be referred to the monopoly commission. Aurora Holdings—Colmace Group; Ellerman Lines—Tollmache and Cobbold Breweries.

BRUCE PEBBLES IND

This Scottish subsidiary of Reynolds, says holders of its 73 per cent debenture stock, 1986-91, have approved cancellation of whole of Bruce Pebbles stock in exchange for stock in Northern Engineering Ind.

ELLERMAN-TOLMACHE

but before extraordinary item

offer for Tollmache and Cobbold Breweries received from holders of over 94 per cent of ordinary and over 77 per cent of preference shares.

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ELLERMAN-TOLMACHE

Exports a bright picture in a difficult year

Sales for the year to 30th April, 1977 were £3,041,870 against £2,549,821 and the profit before tax amounted to £215,689 compared with £248,399. Net dividends totalled 2.81p per share against 2.68p.

Commenting on results Mr. Ingram, the Chairman, said there had been a sudden, sharp drop in sales to U.K. outlets during the third quarter of the year and the trend accelerated in the final quarter. The explanation appeared to be in the savage squeeze on disposable incomes plus very poor weather conditions which severely affected the sale of summer merchandise.

He continued: "Exports present a brighter picture, increasing from £894,272 to £1,168,178. Forward orders for overseas are 2½ times the Sterling value of those we had at this time last year. In the hope of stimulating these still further, we shall shortly open an office in West Germany."

Designers & manufacturers of knitted garments



F. H. TOMKINS LIMITED

BUCKLE MANUFACTURERS - STAINLESS STEEL FASTENERS - HIGH TENSILE BOLTS & NUTS - COLD DRAWN STEEL - FASTENER DISTRIBUTION

Copies of the Report and Accounts are available from the Secretary, P.O. Box 22, All Saints Road, Wadsworth, West Yorkshire, WF9 9JN

"The improvement in trade reported at the half year was fully maintained throughout the second half to produce the Group's best performance to date."

Gerald Garman (Chairman)

F. H. TOMKINS LIMITED

BUCKLE MANUFACTURERS - STAINLESS STEEL FASTENERS - HIGH TENSILE BOLTS & NUTS - COLD DRAWN STEEL - FASTENER DISTRIBUTION

Copies of the Report and Accounts are available from the Secretary, P.O. Box 22, All Saints Road, Wadsworth, West Yorkshire, WF9 9JN

David S. Printing and Publishing



In his Statement to Shareholders Sir David Nicolson Chairman of Rothmans International Limited, made the following points:—

- * Profits in the financial year to March 31, 1977 reached a record level at £66.4 million, before tax.
- * Ordinary dividends have been increased to the maximum permitted level of 1.8415 pence per share.
- * Overseas sales continue to move ahead further consolidating the company's position as one of Europe's most successful exporters.
- * Home market sales in the various areas are up to expectations.
- * As a major European company we face the future with confidence.

Business appointments

New chairman for Hepworth Ceramic board

Mr Peter Goodall, managing director of Hepworth Ceramic Holdings, has been made chairman and chief executive in succession to Mr J. F. Booth who has retired.

Mr Booth will remain an executive director until February next year and will then continue as a non-executive director.

Mr W. J. Saint has become vice-president of BP Alaska Inc and general manager operations in Anchorage, Alaska, from November 15.

Mr Trevor Davies and Mr Michael Cook join the board of Thomas Cook.

Mr P. S. Hargreaves becomes general manager of Midland Bank Trust from December 1, succeeding Mr F. C. Bisset, who is retiring.

Further to the dividend advertised in the Press on 11th August 1977 the conversion rate applicable to payments in United Kingdom currency in respect of Dividend No. 139 is £1-R1.52453 equivalent to 11.15097p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 14.43%.

City Offices
Hampton & Sons

§ Forward bargains are permitted on two previous days

Feasting

Feasting

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'YOUR SIZE' DEPARTMENT
Selfridges
OXFORD ST.
LONDON
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Here three tubes, many boxes
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**STEPHEN MYERS &
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 TELEPHONE: 550 801.

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W.1
 2nd and 3rd floor well
 fitted maisonette, 2 1/2 bath
 rooms, 1/4 recreation, kitchen,
 bathroom, separate w.c., gas
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 £20.00 p.a. Price £250 Seven
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